AJL:

0856-B-03 PREX 7.10: FBIS-EAS-91-013-A

For Official Use Only

FOREIGN BROADCAST INFORMATION SERVICE

Daily Report

Annex

East Asia

The information printed on these Annex pages preceding and following the standard Daily Report cover bears the caveat FOR OFFICIAL USE ONLY. Users may detach the outer pages and treat the Daily Report as unclassified and unrestricted.

FBIS-EAS-91-013-A
Friday
18 January 1991

B 99-014413

For Official Use Only

ayL.

COMPLETED

East Asia
ANNEX

FBIS-EAS-91-013-A CONTENTS *18 January 1991*

NOTICE TO READERS: As of 2 January 1991, television sourcelines in the DAILY REPORT will reflect how a station identifies itself. In most cases, this change eliminates the "Television Service" designation in favor of the station identification as broadcast. The presence of a new television sourceline reflects this change in policy, rather than the establishment of a new station or network.

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

ANNEX

Japan

Daily on DSP's Movement Toward LDP Alliance *[MAINICHI SHIMBUN 13 Dec]* .... 1 — II
* Close Up Look at LDP's Masayoshi Takemura *[SEIKAI SHUNJU Dec]* .... 1 — II
Continued Capital Investment Expected *[EKONOMISUTO 4 Dec]* .... 5 — VI
Labor Shortage Changes Domestic Infrastructure .... 8 — 76
  Automated Manufacturing *[ECONOMISUTO 6 Nov]* .... 8 — 76
  Industrialization of Hokkaido *[EKONOMISUTO 6 Nov]* .... 11 — 79
  New Auto Production Base *[EKONOMISUTO 6 Nov]* .... 13 — 81
* Mitsubishi Bank Begins Organizational Reform *[KINYU ZAISEI JIJYO 22 Oct]* .... 13 — 81

Japan

Daily on DSP's Movement Toward LDP Alliance

WA1501020091—FOR OFFICIAL USE ONLY

[Editorial Report] According to articles on pages 1 and 2 of the 13 December MAINICHI SHIMBUN, the Democratic Socialist Party [DSP], Japan's fourth-ranked opposition party, broke a 13-year tradition of not supporting government-sponsored budgets in the Diet when it agreed to back the Liberal Democratic Party's [LDP] supplementary budget for FY90. Although DSP Diet Policy Committee Chairman Atsushi Kanda cautioned that "this does not mean the LDP and DSP will always be together on this in the future," MAINICHI feels the political implications of the DSP's willingness to change sides in budget matters is "significant."

The paper cites a DSP leader's claim that his party agonized over "the merits and demerits of shifting over to support" the government's budget, prior to reaching its decision on 12 December. On the minus side was the party's concern that voters would interpret the move as "inching closer" to the LDP. This was a particular worry among DSP Dietmen, who must stand for reelection in April 1991. The "merits" which the party felt would accrue by taking the government's side relate to showing voters that the small party "exists," and that it does so independently of other opposition parties, in particular, the Japan Socialist Party [JSP].

The rationale for the DSP's decision can be found, according to the articles, in the party's recent lackluster performance. In the February 1990 elections, the DSP's representation fell to an all-time low of 14 dietmen. With the drop in Diet representation, the party also lost its right to propose legislation independently in the lower house. Two months later, DSP Central Executive Committee Chairman Keigo Ouchi felt obliged to point out: "The DSP is not moved by considerations of opposition party interest and policies. The interests of the people and the nation are our only yardstick. We can agree with the government's policies courageously, and we can also stake everything on opposing them." According to a party leader, the decision to support the LDP's budget was "the first step" in the realization of that policy.

The articles note that almost no one in the DSP believes the party will begin acting in concert with the LDP. But in MAINICHI's view, the present move is unusual enough to be considered "a step toward forming an LDP-Komeito-DSP line."

* Close Up Look at LDP's Masayoshi Takemura

912B0050A Tokyo SEIKAI SHUNJU in Japanese Dec 90 pp 34-39—FOR OFFICIAL USE ONLY

[Article by Asao Yamaguchi, political analyst]

[Text] [Box, p 34] Masayoshi Takemura. Born in Shiga Prefecture on 26 August 1934. Graduate of the Department of Education and the Department of Economics at Tokyo University. First elected Mayor of Yoka at the age of 36. He was elected governor of Shiga when he was 40, becoming the nation's youngest prefectural leader. This "grassroots politician" became well-known for the energy and enthusiasm he brought to his job in the prefectural government on behalf of the people of Shiga. His progressive policies, such as his "Lake Biwa Act," have received nationwide attention. In July of 1986, he was elected to the lower house of the Diet. At present, he is chairman of the Special Committee on Public Elections in the lower house, and heads the LDP's Central Planning Office for Political Reform. He is currently serving as office manager of the Kanemaru Association for North Korea Visits. He has been elected to the Diet twice, and is a member of the Abe faction. [end box]

At the present time, dietmembers such as Masayoshi Takemura would probably not be considered standout politicians. As head of projects such as political reform and the normalization of diplomatic relations with North Korea (the Democratic People's Republic of Korea), Takemura is actively engaged in handling so-called "many-sided" issues.

Mr. Takemura has been called "young but experienced." He is a political "old timer" who has won numerous elections. After his reelection to the Diet, he gained recognition as a "young lawmaker." According to a Kakuei Tanaka-style "measure of competence," an experienced politician has to have won at least five elections. Mr. Takemura has already served as a prefectural governor for three terms, and was a permanent vice minister by the end of his first term as a dietmember. Against this measure, Mr. Takemura is clearly no ordinary "young lawmaker."

From Government Official to Dietmember

Mr. Takemura is 56 years of age. He was born in Shiga Prefecture on 26 August 1934. He went from Yoka High School to Tokyo University, where he graduated from its Department of Education. From there Mr. Takemura went on to graduate from the Department of Economics at Tokyo University. While he was studying economics in Tokyo, he passed the national civil service exam. Upon graduation, he entered the Ministry of Home Affairs.

His reason for joining the Ministry of Home Affairs, he later said, was because he was "attracted to the idea of reaching out directly to the people as a down-to-earth public official."

However, he remained at the Ministry of Home Affairs for only eight years. Two years after joining the ministry, he was given a 15 month sabbatical from public service to receive training in West Germany. Two years later, he was placed in charge of the prefectural archives in Saitama. After a year-and-a-half there, he was appointed head of the regional office.

Mr. Takemura's 14 months in charge of the regional office marked a turning point in his career. One of his duties as head of the regional office included working with the mayors of villages, towns, and cities to resolve zoning issues. Like a feudal lord, Mr. Takemura was able to use his office to assume responsibility over the districting of towns, although the scope of his powers was rather limited. Suddenly, however, the idea of being the head of a municipality began to appeal to him. His ambitions grew, as he told himself that he would like to take a stab at running a municipality.

Mr. Takemura for a time returned to the Ministry of Home Affairs as an investigator for the ministerial secretariat. However, his ambitions were difficult to suppress, and he finally decided to run for mayor of Yoka, his hometown.

Nowadays, we often hear of young bureaucrats who leave the Ministry of Home Affairs in order to become the mayor of a town or city. However, at the time, Mr. Takemura's move was without precedent. It goes without saying that the leadership at the Ministry of Home Affairs was violently opposed to his decision.

However, without changing his mind, Mr. Takemura resigned from the Ministry of Home Affairs in August of 1970, and became a deputy mayor of Yoka. He announced his candidacy in the mayoral election, and pulled off a spectacular election victory in April of 1971.

During the mayoral race, Mr. Takemura's campaign slogan was "From the Mayor's Office to the National Assembly." His opponents criticized him for this tactic, saying, "We should not allow the mayor's office to be abused by someone with the grand design of being elected to the Diet."

Mr. Takemura stifled criticism by saying, "Ambition is the same thing as having great expectations."

At the time, he intended to leave office in order to run for a seat in the Diet only after serving two terms as mayor of Yoka. However, with six months left in his first term as mayor, he announced his candidacy for Governor of Shiga Prefecture. With this announcement, Mr. Takemura's plans to push on to the Diet appeared to have gone awry.

Election to Top Post Good Preparation for Cabinet Position

Mr. Takemura served as Governor of Shiga Prefecture for 11 and ½ years, from December 1974 to June 1986. An advocate of "grassroots politics," Mr. Takemura's youth and decisive style contributed to his popularity.

During his term as prefectural governor, Mr. Takemura enacted legislation to protect Lake Biwa and the environment in general. He also held a World Conference on Lakes and Marshes. These initiatives demonstrated his commitment to promoting Shiga Prefecture's special attributes.

A local journalist said that Governor Takemura was an "idea man" who had the ability to get things done.

"We knew from his time at the Ministry of Home Affairs that he had a good head on his shoulders. He was praised for his prefectural politics, which he carried out under the banner of the 'Prefectural People's Party.' He could have easily accomplished what he set out to do in five or six terms."

However, with six months remaining in his third term, he decided to resign as governor and enter mainstream politics.

"The governor of a prefecture is in a position of authority. There are people who are proponents of limiting the number of terms a person can serve, but in my case I just could not see myself serving in that capacity forever. However, I have been criticized for leaving office with time remaining in my third term."

When Mr. Takemura decided to run for a seat in the Diet, the mainline factions were not silent. Because he had been prefectural governor, his name was well-known, and it was highly probable that he could win a seat in the Diet. Moreover, the Shiga electoral district encompasses the entire prefecture. For someone who had served as governor, there can be no better electoral district.

Two or three factions extended offers to Mr. Takemura, but he chose the Abe faction. At the time, the two other LDP [Liberal Democratic Party] dietmembers from Shiga Prefecture were Genri Yamshita (Tanaka faction), and Sosuke Uno (Nakasone faction). (At the time the Tanaka faction had not yet split apart). Mr. Takemura, of course, stayed away from the Tanaka and Nakasone factions. He gave the following reasons for choosing the Abe faction. "I identify with Mr. Abe's fundamental approach to foreign policy, and I admire him personally."

The lower house elections took place less than a month after he had resigned as governor. The Liberal Democratic Party has had a lock on the three lower house seats in the electoral district that makes up all of Shiga Prefecture. However, for the past 20 years two of these seats have been "reserved" for Mr. Uno and Mr. Yamashita, who both have strong local bases of support. There were other contenders for the third seat, but they were easily defeated.

Mr. Takemura was not your average new kid on the block. He was the top vote-getter in the election, surpassing both Mr. Uno's and Mr. Yamashita's victory totals.

The Takemura campaign focused on the mass media during the elections, and it took maximum advantage of the Recruit scandal. Right after the scandal broke in August 1988, 20 concerned first-term dietmembers formed the "Utopian Politics Study Group," and Mr. Takemura became the chairman. Announcing that they

III

were "aiming at the total elimination of money from politics," the group concentrated on lifting the financial burden placed on dietmembers by ceremonial occasions. They became an advocate of this electoral reform. This became the focus of the study group based on a survey. As a result of their actions, a law was passed prohibiting candidates from frequenting weddings and funerals before a general election. It took effect in April.

At the time, Mr. Takemura exclaimed, "The young lawmakers are the standard bearers of political reform."

The Indispensability of Political Reform

At the present time, Mr. Takemura is participating in a wide spectrum of activities concerning political reform and reform of the electoral system. He currently heads the LDP Central Planning Committee on Political Reform, the Political Party Reform Committee, and the Electoral System Task Force.

Through these endeavors alone, he has demonstrated to all that his passion for political reform is second to none.

"In its approach to matters such as foreign affairs and security issues, the basic policies of the Liberal Democratic Party have been correct. However, the predisposition of the LDP is troubling. If we continue with business as usual, the party will have no future.

"There has been no real political reform, because of the path that we have been on up to the present time. We have been able to hold on to political power because the opposition parties have remained divided and ideological. If the opposition parties reflect on this situation and reorganize themselves, there may in fact be a change in political power.

"Therefore, I feel quite strongly that the Liberal Democratic Party has to change its act. I believe that we must begin to put money and politics in the proper perspective and make a searching inquiry into the real reasons why a political party exists."

Although his demeanor is calm, the intensity of his convictions is undeniable.

In putting together an outline for political reform within the LDP, Mr. Takemura has been inundated with work. This is because the outline has to be completed sometime during November.

With Masayoshi Itoh, chairman of the Central Committee for Political Reform, and Masaaki Gotoda, Mr. Itoh's representative, relying on him, Mr. Takemura's actions have taken on a sense of urgency. The cause of political reform must go forward.

Mr. Itoh and Mr. Gotoda both say, "Mr. Takemura has been so busy with the issue of political reform that he hasn't been able to devote any time to the issue of North Korea." However, as head of the Kanemaru Association for North Korean Visits, he has gained valuable experience developing a policy for the normalization of diplomatic relations with North Korea.

He has nominated, along with Kazu Ishii, to head the Kanemaru Association for North Korean Visits. As Mr. Takemura explains rather forcefully, "Our handling of the North Korea question is the final postwar issue facing Japan."

"Looking at the issue from a global perspective, with the unification of Germany, Korea remains the last divided homeland. The armies facing each other along the 38th parallel are closer to Japan than to any other nation. Within the current international detente, the two Koreas are talking about a restoration of diplomatic relations and about opening doors. Shouldn't we take advantage of this situation to press for the release of the two Fujisan-Maru No. 18 crew members who are still being held by North Korea?"

Diplomatic Initiative Is a Valuable "Asset"

Few people would criticize the administration for opening up dialogue with North Korea leading towards the normalization of diplomatic relations. This, after all, is an era in which the Soviet Union has diplomatic relations with South Korea. At the same time, the two Koreas are moving rapidly towards holding North-South talks. Although the current international climate supports such initiatives, praise has not been forthcoming.

However, Japan is still being criticized for "reparations" 45 years after the war. Mr. Takemura believes that the "reparations" issue is somewhat vague and unfounded.

"Even Mr. Kanemaru does not speak about war reparations now that 45 years have passed since the end of the war. However, compared with South Korea, reparations came 25 years too late for the North. Because of the change in the value of our currencies during that time period, many people believe that North Korea lost out on the deal. I have to respond to this situation in my official capacity, for this point has never been clarified."

He believes that the situation will be rocky until a "joint proclamation" is made.

"We negotiated straight through the night for 16 hours from the previous day's session, without so much as a wink of sleep, in order to arrive at the text for a joint proclamation. Even Mr. Kanemaru himself waited up for us without sleeping. The original North Korean draft called emphatically for additional reparations and a nuclear-free zone in northeast Asia, but they soon afterwards revised this proposal. Some misapprehensions remain even after 45 years. I had a difficult time arriving at a text during the diplomatic negotiations that would satisfy both parties who are poles apart ideologically. It was a tremendous experience, and I learned a lot from it.

This was the first time that Mr. Takemura had to conduct diplomatic negotiations as a public official. As a politician this was an invaluable experience. This opportunity certainly must be considered an "asset" no matter what his future holds.

Moreover, at the same time, he appears to have learned a great deal from working with a politician like Shin Kanemaru.

The relationship between Mr. Kanemaru and Mr. Takemura has been colored by the fact that they belong to different factions in the party. However, when Mr. Kanemaru chaired the "Roundtable Discussion on the Issue of a New Capital," which explored the idea of moving the government out of Tokyo, his relationship with Mr. Takemura, who was director of the project, was somewhat strained. The political methodology of Mr. Kanemaru is not an easy thing to get an intuitive feel for. Mr. Takemura's views on the LDP have been at odds with what Mr. Kanemaru has stood for all along. This is because Mr. Kanemaru has been a major influence on the present-day character of the Liberal Democratic party.

"I think that Mr. Kanemaru's experience and keen perceptiveness towers above the rest. On the whole, his talks with Kim Il-song on the issue of the Fujisan-Maru No. 19 resembled a zen mondo.

"When Mr. Kanemaru pressed for the release of the crew members of the Fujisan-Maru, Chairman Kim refused saying, 'Laws are created by man.' Mr. Kanemaru simply said, 'I understand.' Over there, if you look for a clear promise, you receive a zen mondo in reply. You have no idea how the negotiations are going to turn out. Therefore, I believe that Mr. Kanemaru has been successful in his talks with North Korea, given the current situation."

It appears that Mr. Takemura has also been making a study of Kanemaru-style political methods.

Fish do not live in clear water, and a politician does not remain in office on ideals alone. For Mr. Takemura, his close association with an experienced politician like Mr. Kanemaru has been an opportunity that is rare and hard to come by.

Trust and Popularity That Transcend Factional Boundaries

Mr. Takemura is currently serving as a member of the Construction Committee and is head of the Ad Hoc Committee on Revising Public Election Laws. It is this latter committee, in particular, that has been alternately on the offensive and defense against the opposition parties when it has tried to bring the issue of reforming the electoral system into focus. The LDP has adopted a reasonable position on the issue of electoral system reform.

Very few newly elected dietmembers can hope to belong to the committees of their choosing, and even if they manage to get on the committee of their choice, they are often not allowed to play a very significant role. However, this cannot be said of Mr. Takemura, who is truly in a position of power.

Moreover, Mr. Takemura has cultivated relationships with other officials in the LDP completely apart from his role as head of political reform. He has been asked to assist in an official capacity on large number of committees: proxy to the chairman of the Environmental Department of the Political Affairs Research Committee (including the subcommittee chairman for environmental education), deputy chief of the People's Fitness Council, deputy chairman of the Ad Hoc Committee on Urban Overcrowding, deputy chief for private industry liaisons with the Construction Bureau, deputy chief of the Commerce and Industry Committee, and deputy chief of the Regional Organization Bureau for the National Organizing Committee.

In addition to these official positions, he is actively involved in several "lawmakers leagues." Starting out as chairman of the Utopian Politics Study Group, he has moved on to head six other groups: the Lawmakers' Roundtable on Global Environmental Issues, the New Capital Roundtable, the Lawmakers' Roundtable on Child Care Issues, the Japan-Syria Lawmakers' League, the Japan-Tanzania Lawmakers' Friendship League, and the Japan-Bangladesh Lawmakers' League. Moreover, he was an organizer of the Lawmakers' League for Research into Efficient Agricultural Methods, director of the Japanese Lawmakers' World Commonwealth League, chairman of the National Environmental Protection Union, a whip for the Abe factions' Kiyokazu Club, and chairman of the combined offices of the LDP in Shiga Prefecture. Mr. Takemura has been involved in a surprisingly large number of activities.

There are few newly elected dietmembers who are active on as many fronts as Mr. Takemura. New dietmembers are assigned to any number of official LDP posts as a matter of course. However, the dynamic quality of a lawmakers' league depends largely on its chairman. Not everyone is cut out to be a director of these leagues. Because participation in a league is voluntary, its leader must also be a popular figure who can win the trust of league members. The leagues naturally transcend factional lines. Since Mr. Takemura has been director of several of these leagues, it must follow that his popularity and confidence in his abilities transcend party lines.

Making Grassroots Politics a Reality

Mr. Takemura describes his political objectives in the following way: "As someone who believes in regional self-government, I have been working steadily towards politics of the people. I would also like to be a politician who reaches out to the regions." These words conform to the accepted norm. However, they are given support by his three terms and 12 years as prefectural governor.

"We are entering an era of dismantlement in which the political ties among nations will grow. I would like to see

V

grassroots politics become a reality within a global perspective and within a global society."

The slogan used by Mr. Takemura during his reelection campaign was "From Lake Biwa to the World." This slogan seems to paraphrase Mr. Takemura's objectives.

This was not necessarily implied in the campaign slogan, but one could conclude that he is a "world politician." He may not be bold enough to say so, but based on the promises and commitments he has made up to this point, he certainly may be such a politician.

However, one worrying factor for Mr. Takemura must be the health of Shintaro Abe and the future of his faction. Even if political reforms and an overhaul of the electoral system take place, party factions are a current reality and will not soon disappear.

Mr. Takemura has spoken candidly about the present situation within the Abe faction.

"When Mr. Abe returns to the hospital, the Abe faction will remain united. The mass media has said many things, but party leaders are being cautious. I would say that the younger members are somewhat uneasy."

The press has been predicting the disintegration of the Abe faction. A faction which loses its candidate for prime minister becomes indistinct and obscure. Even if Mr. Abe is released from the hospital it would probably be impossible for him to revive the faction completely. With the world going through a state of flux, he would not be able to serve as prime minister if his health were such that he would have to be in and out of a hospital.

Thus, the Abe faction cannot avoid going down the road to oblivion. Many people are interested in seeing how it will split, but it is obvious that the central cadre of young dietmembers in the faction will be shaken up.

When that time comes, Mr. Takemura will exert tremendous influence. This is because he has won the trust of his fellow lawmakers. Even if he no longer belongs to the faction, Mr. Takemura possesses the necessary qualities to achieve greatness.

Continued Capital Investment Expected

912A0075A Tokyo EKONOMISUTO in Japanese 4 Dec 90 pp 12-15—FOR OFFICIAL USE ONLY

[Article analyzing and predicting continued record capital spending by Japanese industry for fiscal 1991, by Japan Development Bank research division chief, Reijiro Hashiyama.]

[Text] **Looking for "Something Better"**

The existing upward trend in business has been going in earnest since about 1987 and this November expansion had continued for 48 straight months. Although by August of 1991 it will have reached 57 straight months of expansion, putting it on a par with the "Izanagi boom," the longest in history, there is growing concern about what will happen between now and then. There is quite a widespread view that the precipitous rise in oil prices following the recent Iraqi invasion of Kuwait and the tightening of credit for the fifth time since last year may disrupt the boom.

I hold the view that the most accurate gauge of business conditions is the strength of capital spending. This is because the strength of business conditions since World War II can be explained well enough on the basis of capital spending. The rate of growth in the Showa thirties [1955-64] was 9.1 percent and in the forties [1965-74] 7.8 percent, which was extremely high. Now, although the growth rate itself is staying at about five percent and is not as high as before, capital spending is nearly as high as before. The rate as part of GNP for fiscal 1990 far exceeded 20 percent. Although consumption grew four to five percent over the preceding year, it is clear, in any event, that capital spending is the driving force.

Capital spending was key to the "Izanagi boom" that took place during the first five-year period of the Showa 40's—and on that point things now are exactly the same. That time was a period of quantitative expansion, with electric home appliances and durable consumer goods, chiefly "the three 'C' boom" [coolers (air conditioners), color television sets and cars], diffusing extremely fast through the general population. For that reason, every manufacturer quickly created plant capacity with new factories and fresh locations.

However, the rate at which capital spending is currently being made in order to increase production is not as high as it was then. The capital spending survey conducted by the Japan Development Bank shows that the rate of capital spending to create increases in production capacity has been about 30 percent for the past three years. The remaining 70 percent of that spending has shifted to the creation of production lines to manufacture more attractive products, to invest in research and development which looks to the future, and to concentrate more heavily on automation and labor-saving methods in response to the labor shortage. The spending is qualitatively very different from the "Izanagi boom." Consequently, even with this degree of capital spending excess manufacturing capacity will not quickly develop which would destroy the balance between supply and demand.

Automobiles are representative. Sales of three lines of luxury automobiles with engines larger than 2,000 cubic centimeters have been growing remarkably. The number of automobiles produced by the auto industry has not increased, rather the demand has shifted to luxury cars.

Homes and office buildings are becoming more luxurious, with architectural unit costs steadily climbing. This is because unit completion costs are increasing in order to meet the rising expectations of those placing the orders. For example, mirrored glass, top-grade window

VI

frames and marble are being used in office buildings, while in homes we find clay tile, top-grade aluminum window frames and luxury bathrooms. It's not that glass, steel and wood in themselves are more expensive, but that we are seeing a shift toward high-grade consumption and high levels of functionality on the part of consumers.

We are in an age in which manufacturers offer and consumers choose. A trend has been emerging in Japan over the past several years that defies all explanation according to the old concepts of supply and demand, which once worked. With this trend, all capital spending is shifting away from the old production lines which cannot generate the required top-of-the-line goods.

Consequently, although there are those who see an increased softening in consumption and a flattening in automobile purchases this past September and October over the year before, this is not the same situation. Even with the total number of automobiles sold having leveled off, when one looks at the qualitative shift in demand from the ordinary automobile to luxury cars, one sees that consumption itself is leaning increasingly toward luxury. Although the number of housing starts this year was 1.6 million, which I think is somewhat lower than last year, total spending on housing itself has not gone down because consumers are demanding more luxury.

This kind of high functionalization of demand and the restructuring of production lines to meet it continues to spiral with resultant increased capital spending.

The Gap Between Supply and Demand Is Not Materializing

As we look back on postwar capital spending and the economic growth rate, we see a remarkably high correlation between change in the economic growth rate and change in capital spending. In this regard, no matter how much consumption grows we cannot achieve the 20 and 30 percent growth rates attained in earlier years. Even in the Showa thirties and forties, which was a period of high growth rate when the demand for goods was high, growth in individual consumption was only seven to eight percent. In the grand scale of current business conditions, it is in the four to five percent range. Nonetheless, capital spending remains the primary reason behind the stability in Japan's rate of growth.

In looking at capital spending, we find that the current basic business boom began in 1988, once the shock of a higher yen had completely dissipated. According to a survey done by the Japan Development Bank, growth in capital spending, particularly among major manufacturing companies, was 25 percent in 1988, 22 percent in 1989 and 24 percent in 1990, for an abnormal growth rate over the three years in excess of 20 percent.

Nevertheless, one can see that for the following three reasons the high rate of capital spending continues even now without a gap between supply and demand manifesting itself. First, as before the process of the technological innovation continues. We could call the era in which we find ourselves the semiconductor revolution. Automation and integrated production systems are thriving in factories. Office computers, fax machines and communications equipment are being installed in great numbers. Moreover, the information revolution is spreading to personal office systems (POS) even in the fields of distribution and sales.

For the individual, car and portable telephones are gaining popularity. And PC's, word processors and video tape recorders with ever higher degrees of functionality are coming on the market one after another.

Moreover, the information revolution is spreading in the fields of social and public services. For example, reservation system networks for tickets and airline and train vouchers are possible. The information revolution is, of course, expanding into other areas such as traffic control, environmental monitoring, air conditioning and government service windows. This surge cannot be halted just because the business climate turns a bit sour. Indeed, things continue as if in mid-phase of a business cycle.

Second, the sort of high functionalization, high-pitched, top-grade consumption we are seeing has greatly stimulated capital spending.

Third, capital spending for social infrastructure has had an effect significantly exceeding predictions. Very aggressive capital spending is taking place in public service sectors such as electric power, communications, airports, railroads and gas. Here too capital spending is not in flux due to short-term judgements. Being on a long-term investment schedule of sorts, capital spending has been steadily increasing over a period of several years.

For example, once Japan Railways was privatized capital spending began increasing. Capital spending continues in order to expand transport capacity of major stations and to provide newly constructed rolling stock in the pursuit of comfort and augmentation of transport capacity. Not just Japan Railways but third sector companies in the Tokyo and Kansai areas are constructing new lines with great aggressiveness.

Spending on major projects such as the Kansai International Airport and the Tokyo Causeway is more this year than last and will be more next year than this. According to surveys by the Japan Development Bank, 30 percent of the major companies with capital spending in excess of 1 billion yen are involved in this kind of infrastructure spending.

Investment in information transformation brought on by the semiconductor revolution accounts for another 30 percent of capital spending. Therefore, 60 percent of current capital spending is not subject to the whim of short-term decisions by managers.

The Influence of Interest Rates and Oil?

Recently, some people are saying that the growth in capital spending will subside from the rise in interest rates and the skyrocketing price of oil, but judging by a survey done by the Japan Development Bank, one can see that things will not retrench all that easily. Since August there has been almost no grounds for making a case of retrenchment or interruption in spending. All in all, one must think that this year will remain just about as expected. Thus, the major factor controlling business conditions is the question of the point to which this vigor will continue.

A look at the results of the recently published survey of capital spending done by MITI [Ministry of International Trade and Industry] that there will be a plus 2.0 percent growth for all industries in the next fiscal year suggests to some that growth in capital spending has slowed, but I have some problem with this. This survey was done in September, but according to a survey done the end of August by the Japan Development Bank, to which 86 percent of Japan's major companies (2,158) responded, capital spending plans for the next fiscal year revealed a minus 7.1 percent for manufacturing and a plus 3.7 percent for non-manufacturing, for an overall increase in spending of 0.6 percent. What is important is that this survey was done six months prior to the beginning of the fiscal year. Which is to say, industry, however much it is entering a highly motivated period of capital spending, will project negative figures six months in advance. In sum, at that point industry still is indefinite and will not issue confident, positive numbers. Despite this, figures issued in August of this year show a small plus for the coming year. The MITI figures are also positive and contain the same underlying tone. Again, if these numbers are read honestly they show the intention from quite early on for significant capital spending in the coming fiscal year. Capital spending in actuality was roaring ahead in fiscal 1990 with the likely actual result a plus 17.0 percent, while in fiscal 1989 it was 13.9 percent and in fiscal 1988 15.9 percent. Growth has continued at a double-digit rate for three successive years. But, even with capital spending flourishing in this fashion, to date surveys done each preceding summer have come up with minus estimates.

Therefore, one should read into this that capital spending is not dampening in the least but that the coming fiscal year will show a fundamentally strong eagerness for capital spending even greater than that for the three years just cited. Consequently, it would appear that capital spending will not fall all that much this coming year, judging by the numbers appearing here and the "middle-period" structural causes spoken of earlier. Still, these are numbers from major companies and the possibility is great that small, medium and petty businesses, affected by high interest rates, will shrink. Looked at in terms of the GNP base, the growth rate will very likely drop several points. Even so, I think we should still expect a growth in capital spending of seven to eight percent.

The fact is that the labor shortage is especially acute for small and medium businesses and in order for them to survive they must invest in greater labor saving and in automation. As a matter of fact, the Japan Development Bank in surveying medium businesses in the 100 million to 1 billion yen range has found that growth in capital spending during the current fiscal year will total 14.0 percent. In sum, we can conclude that medium businesses are intending to maintain capital spending to at least that degree. Whatever one says, the underlying basis of all this is extraordinarily strong.

The concern of a great many people now is whether or not business conditions will remain good for as long or longer than the "Izanagi boom." Certainly there are the increased oil prices, the high interest rates and the depression of the capital market, but it is unthinkable that business conditions will summarily yield to them. Suppose, for example, the price of oil quickly reaches $40 a barrel. We see as unlikely the possibility that, induced by this increase, inflation within Japan would be driven upward and stability destroyed. Even with oil having risen $10 a barrel as it has now, GNP will be affected only about 0.3 percent. Therefore, there is entirely the possibility of surpassing the "Izanagi boom."

Although we certainly are in a period of terribly high interest rates, there is no evidence at this point of any movement toward reduced capital spending due to difficulties in procurement of capital. However, first among those industries which can be expected to suffer at least some small drop in capital spending from here on out is leasing. Because the leasing industry is sensitive to interest rates there is a quite definite possibility of a drop in capital spending. Real estate is another industry fairly sensitive to interest rates.

If pulp, paper and petrochemical companies, with their difficulty in effecting product differentiation, continue capital spending for several years on a grand scale, the gap between supply and demand will manifest itself as a matter of course. In fact, it is only in pulp and paper that this problem is showing up. However, in semiconductors, the four-year silicon cycle has shrunk to three and a half years. Consequently, with an increase in spending on research and development on the next generation chips or even on the generation subsequent to that, capital spending in the semiconductor industry won't fluctuate much at all. Forward-looking capital spending on long-range R&D in that industry just cannot be neglected.

Whosoever hesitates in research and development spending on the next generation 16 megabit or 64 megabit chip will lose out in the development competition. Recently in automobiles there has been a shift from higher-grade safety glass to laminated glass and for that new factories must be built. The same is true for steel, with its raw-steel base not exceeding a weak 110 million tons, in order to produce surface-treated steel sheets for automobiles with high added-value, factory product

VIII

FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

East Asia

FBIS-EAS-91-013
Friday
18 January 1991

IX

Daily Report
East Asia

FBIS-EAS-91-013 CONTENTS *18 January 1991*

NOTICE TO READERS: As of 2 January 1991, television sourcelines in the DAILY REPORT will reflect how a station identifies itself. In most cases, this change eliminates the "Television Service" designation in favor of the station identification as broadcast. The presence of a new television sourceline reflects this change in policy, rather than the establishment of a new station or network.

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

NORTHEAST ASIA

Japan

Kaifu Calls Iraq's Attack on Israel 'Regrettable' *[Tokyo TV]* ... 1
  Stresses Need for Iraqi Withdrawal *[KYODO]* ... 1
Prime Minister Addresses Diet on Gulf Crisis *[Tokyo TV]* ... 1
Israeli Ambassador on Retaliation Against Iraq *[KYODO]* ... 2
Officials Urge Israeli 'Restraint' Toward Iraq *[KYODO]* ... 3
Iraqi Envoy Admits Missile Attack on Israel *[Tokyo TV]* ... 3
  Says Iraq 'May' Use Chemical Arms *[KYODO]* ... 3
  Requests End to Japan's Participation *[Tokyo TV]* ... 4
Kaifu on Extending Aid to U.S.-Led Gulf Forces *[KYODO]* ... 4
  Hints at Sending Transport Planes *[KYODO]* ... 4
Sources: Tokyo Plans $5 Billion More in Gulf Aid *[KYODO]* ... 5
U.S. Envoy Meets Opposition on More Gulf Aid *[KYODO]* ... 6
Tokyo 'Satisfied' With U.S. Gulf Attack Notice *[KYODO]* ... 6
Ex-Premiers Stress Backing U.S. Action in Gulf *[KYODO]* ... 6
'Wheels of War' Push Diet Into 'Special Debate' *[KYODO]* ... 7
Kaifu Urges Citizens To Conserve Energy *[KYODO]* ... 7
IEA, MITI Institute Oil Reserve Drawdown *[KYODO]* ... 7
LDP Considering Higher Taxes on Oil, Gasoline *[KYODO]* ... 8
Steelmakers To Stop Shipments to Middle East *[KYODO]* ... 8
Nakayama To Leave on 4-Day Trip to Moscow 21 Jan *[KYODO]* ... 8
  Plans Joint Communique on Gulf *[KYODO]* ... 9
Soviets Request Aid To Attend Sporting Event *[KYODO]* ... 9
  Organizers Unable To Meet Request *[KYODO]* ... 9
USSR Orders 100,000 Tons of Seamless Steel Pipes *[KYODO]* ... 9
Okinawa Governor Calls Off Feb Trip to U.S. *[OKINAWA TIMES 17 Jan]* ... 10
U.S. Views Follow-Up SII Talks as Constructive *[KYODO]* ... 10
  Calls for Higher Cartel Fines *[KYODO]* ... 10
  Urges 'Durability' in SII Efforts *[KYODO]* ... 11
  Talks End; Antimonopoly Rift Remains *[KYODO]* ... 11
MITI Head, UK Counterpart on GATT Talks *[KYODO]* ... 12
Toshiba Sets Up Manufacturing Firm in Taiwan *[KYODO]* ... 12
Center for Japanese Studies Launched in Malaysia *[KYODO]* ... 12
Foreign Orders for Ships Hit Seven-Year High *[KYODO]* ... 13
Nikkeiren Calls for Smaller Wage Hikes in 1991 *[KYODO]* ... 13
Crude Steel Output Increases in 1990 *[KYODO]* ... 13

Mongolia

Former Academy of Sciences Chief Rehabilitated *[MONTSAME]* ... 14
New Newspaper Published by MONTSAME *[MONTSAME]* ... 14

X

North Korea

Iraqi Missile Attack Against Israel Reported *[Pyongyang Radio]* 14
  Fierce Ground Battle Reported *14*
Seoul's Plan To Send Medical Team Denounced *[Pyongyang Radio]* 15
  Team Compensation Plan Denounced *[KCNA]* 16
South Naval Vessels Reportedly Infiltrate *[Pyongyang Radio]* 16
South Criticized for 'Priority of Exchange' Stand *[KCNA]* 16
South Citizens Reportedly Respond to Kim Speech *[KCNA]* 17
Gorbachev Appeals to Baltic Republic Leaders *[Pyongyang Radio]* 17
Soviet Official Quoted on Military Relations *[Pyongyang Radio]* 18
Soviet Denunciation of U.S. 'Interferences' Noted *[Pyongyang Radio]* 18
Daily Warns of 'Imperialists' Aggressive' Nature *[KCNA]* 18
U.S. Urged To 'Withdraw Troops' From Peninsula *[KCNA]* 19
Kim Receives Messages From Foreign Leaders *[KCNA]* 20
KCNA Reviews 18 Jan Pyongyang Press 20
Developing Major Economic Domains Stressed *[Pyongyang Radio]* 21
Kim Il-song Views Disabled Soldiers' Art Troupe *[KCNA]* 23
Kim Il-song Works Published in Foreign Languages *[KCNA]* 24
Chuche Idea Cited for Victory of Socialism *[KCNA]* 24
* Agricultural Collectivism Emphasized *[KYONGJE YONGU Aug]* 25
* Party Leadership on Training Skilled Manpower *[NODONG SINMUN 24 Nov]* 28

South Korea

Seoul Considers More Economic Support to U.S. *[Seoul Radio]* 30
Cabinet Awaits Assembly Approval on Medical Team *[YONHAP]* 30
  Assembly To Consider Deployment *[YONHAP]* 30
  Team's Deployment Advanced *[YONHAP]* 31
  Main Elements To Leave 22 Jan *[YONHAP]* 31
Fuel Prices To Increase in Near Future *[YONHAP]* 31
PPD Spokesman Terms Gulf 'War' Regrettable *[THE KOREA TIMES 18 Jan]* 32
PPD Assured: No U.S. Request for Troops *[YONHAP]* 32
Number of Citizens in Gulf 'Choose To Stay' *[YONHAP]* 32
Ships in Persian Gulf Instructed To Return *[YONHAP]* 33
Telephone Communications to Iraq Severed *[YONHAP]* 33
Ministry Bans Construction Orders From Mideast *[YONHAP]* 33
Exchange Bank Stops Trading in Gulf States *[THE KOREA TIMES 17 Jan]* 33
Study Predicts War's Environmental Impact *[YONHAP]* 34
Editorial Views Conflict in Persian Gulf *[CHOSON ILBO 18 Jan]* 34
'Business as Usual' Attitude on War Stressed *[HANGYORE SINMUN 18 Jan]* 34
Price Hikes, Export Slump Expected From Crisis *[YONHAP]* 35
North Refuses Letter on Parliamentarian Meeting *[YONHAP]* 36
North's Participation in Siberian Ventures Sought *[THE KOREA TIMES 17 Jan]* 36
Minister Briefs Lawmakers on Military 'Alert' *[YONHAP]* 36
Conclusion of Series on Former North Commander 37
  Yu Song-chol's Testimony Part 19 *[HANGUK ILBO 30 Nov]* 37
  Summary of Yu Song-chol Testimony *[HANGUK ILBO 1 Dec]* 39
Soviet Union Agrees To Hold Trade Talks *[YONHAP]* 41
Auto Exports to U.S. Decline, to Others Rise *[THE KOREA TIMES 15 Jan]* 42
Ministers Target Housing, Subways in 1991 Plan *[YONHAP]* 42
Prime Minister-Designate Interviewed *[YONHAP]* 43
Ministry Halts Drilling for Gas Off Ulsan *[YONHAP]* 43

SOUTHEAST ASIA

Burma

Khin Nyunt Meets Kachin Leaders on Border Work *[Rangoon Radio]* 44
Karen, Mon Insurgents Burn Two Thai Oil Trucks *[Rangoon Radio]* 44
Minesweeping Train Hits Mines on Way to Moulmein *[Rangoon Radio]* 44

XI

Brunei, Malaysia & Singapore

Malaysia

Parliament Adjourns; Anti-U.S. Protest Noted *[BERNAMA]* 45
Malaysian-Born Chinese Can Visit As Tourists *[Kuala Lumpur International]* 45
Incentives for Foreign Investment Extended *[BERNAMA]* 45

Singapore

Military Medical Team Dispatched to Saudi Arabia *[Kuala Lumpur International]* 45

Cambodia

Phnom Penh Urges Prevention of Pol Pot's Return *[Phnom Penh Radio]* 45
Chea Sim Presides Over Movements' Activities 47
  Closes Youth Conference *[Phnom Penh Radio]* 47
  Praises Women's Association *[Phnom Penh Radio]* 47
Leaders Greet Fidel Castro on Cuban National Day *[SPK]* 47
CSFR Leaders Send Greetings on National Day 48
  Parliament Speaker Greets Chea Sim *[Phnom Penh Radio]* 48
  Prime Minister Greets Hun Sen *[Phnom Penh Radio]* 48
Albanian Foreign Minister Greets Hor Namhong *[Phnom Penh Radio]* 48
Government Media Report on Forces' Activities 48
  Week Ending 29 Dec Summed *[SPK]* 48
  17 Jan Report on 'Past Week' *[Phnom Penh Radio]* 48
  5th Military Region Report *[SPK]* 48
VOK Interviews Son Sann on Cambodian Issue 49
Sihanouk on Phnom Penh's Rejection of UN Plan *[Radio VODK]* 49
Radio Supports Urgent Meeting of Conference Body *[Radio VONADK]* 49
SRV 950th Division Said Hidden in Kompong Som *[Radio VONADK]* 50

Indonesia

Bomb Found at U.S. Ambassador's Residence *[AFP]* 50
Report Says Nationals in Jeddah Safe, Calm *[Jakarta Radio]* 51
Newspapers Comment on Gulf War, Situation *[Jakarta Radio]* 51
Palestinian Envoy Remarks on Iraqi Attack *[Jakarta Radio]* 51
Minister Considers Oil Price Drop Not Critical *[ANTARA]* 52
Pertamina Official Says Oil Stock Sufficient *[ANTARA]* 52
Joint Malaysian Border Committee Meeting Ends *[Jakarta Radio]* 52
Suharto Receives SRV Ambassador's Credentials *[Jakarta Radio]* 52

Laos

Phoun Sipaseut Mourns Deaths of PLO Leaders *[Vientiane Radio]* 53
Thai Students Arrive for Study Tour in Vientiane *[KPL]* 53
Phoumi Vongvichit Sends Sympathies to Mongolia *[KPL]* 53
Students Return From Language Study in Australia *[KPL]* 53
Ministry: Foreign Investment Totals $190 Million *[KPL]* 53

Philippines

De Villa Puts Military on Red Alert Status *[Quezon City Radio]* 54
Manglapus Sees No Need for Filipinos' Evacuation *[THE PHILIPPINE DAILY INQUIRER 18 Jan]* 54
Manila To 'Insist' on Base Use Consultations *[THE MANILA CHRONICLE 18 Jan]* 54
Emergency Communication Network Established *[PHILIPPINE DAILY INQUIRER 18 Jan]* 55
Budget Deficit Hits Record 42 Billion Pesos *[THE MANILA CHRONICLE 18 Jan]* 55
Standby Credit Arrangement Reached With IMF *[THE MANILA CHRONICLE 18 Jan]* 56
Energy Measures Respond to Gulf Situation *[BUSINESS WORLD 18 Jan]* 57

XII

- Military Arrests Rebel Soldier of 1989 Coup *[Quezon City Radio]* ... 57
- Four NPA Rebels Killed in Bicol Encounter *[MANILA BULLETIN 17 Jan]* ... 57

Thailand

- Government Reacts to Gulf Action, Situation ... 58
  - Action 'In Line' With UN *[Radio VOFA]* ... 58
  - U.S. Envoy Briefs Foreign Minister *[Radio VOFA]* ... 58
  - Urairat on Iraqi Missile Attack *[Bangkok Radio]* ... 58
  - Workers Evacuated From Tel Aviv *[Bangkok Radio]* ... 58
  - Officials Leave for Middle East *[Bangkok Radio]* ... 59
  - Navy Chief on Base Use *[THE NATION 18 Jan]* ... 59
  - Police Keep Watch on Japanese *[BANGKOK POST 18 Jan]* ... 59
  - Editorial Supports Allied Effort *[BANGKOK POST 18 Jan]* ... 59
- Commerce Minister Discourages Hoarding *[THE NATION 18 Jan]* ... 60
- Chatchai Assigns Minister To Oil Shortage Issue *[Bangkok Radio]* ... 61
- Ministers Meet With Malaysian Trade Minister *[BANGKOK POST 18 Jan]* ... 61
- Officer Says Calm at Cambodian, Burmese Borders *[Bangkok Radio]* ... 61
- Editorial on Civil Liberties, Dictatorship *[BANGKOK POST 15 Jan]* ... 62

Vietnam

- Official, Public Reaction to Gulf War Continues ... 62
  - Spokeswoman Urges 'Self-Restraint' *[Hanoi International]* ... 62
  - Foreign Ministry Urges End to War *[Hanoi Radio]* ... 63
  - Army Newspaper Comments *[Hanoi Radio]* ... 63
  - VNA Cites Army Paper on Gulf ... 64
  - Afro-Asian, Peace Groups Respond *[Hanoi International]* ... 64
  - Commentary Urges Halt to War *[Hanoi International]* ... 64
- 'Fallacious Accusations' in PRC Press Refuted *[VNA]* ... 65
- VNA Cites Suharto on SRV-Indonesian Relations ... 65
- Ambassador to Indonesia Presents Credentials *[Hanoi Radio]* ... 65
- Leaders Greet Cambodian Officials on National Day *[NHAN DAN 7 Jan]* ... 65
- Army Paper Welcomes Cambodian National Day *[QUAN DOI NHAN DAN 7 Jan]* ... 66
- Mitsubishi Corporation Opens Office in Hanoi *[VNA]* ... 67
- French Investment in Country Since 1988 Updated *[Hanoi International]* ... 67
- Economic Journal Reviews French Bank Activities *[VNA]* ... 67
- State Council Confers Order on British Activists *[VNA]* ... 68
- National Assembly Amends Law on Military Service *[NHAN DAN 5 Jan]* ... 68
- Vo Chi Cong Writes to Dong Bang Combatants *[Hanoi Radio]* ... 70
- Hanoi Municipality Prepares for Party Congresses *[NHAN DAN 7 Jan]* ... 71
- VNA Gives Update on UNICEF Food Program ... 71
- Nearly 33,000 Tonnes of Rice Redistributed *[Hanoi Radio]* ... 71
- Ho Chi Minh City Increases Export-Import Value *[VNA]* ... 72
- Station Reviews 1990 Import-Export Activities *[Hanoi International]* ... 72
- Decision To Collect Toll Fee at Bridges Issued *[Hanoi Radio]* ... 72
- Council of Ministers Issues New Fishing Rules *[VNA]* ... 73

AUSTRALASIA

Australia

- Hawke Urges Israel Not To Retaliate Strike *[Melbourne International]* ... 74
  - Government Condemns Attack *[Melbourne International]* ... 74
- Iraqi Diplomats Issued Travel Restrictions *[KYODO]* ... 74

Papua New Guinea

- Resumption of Flights to Buka Island Authorized *[Melbourne International]* ... 74

Japan

Kaifu Calls Iraq's Attack on Israel 'Regrettable'

OW1801022591 Tokyo NHK General Television Network in Japanese 0145 GMT 18 Jan 91

[Text] Speaking to reporters this morning, Prime Minister Kaifu said: I received a memo about the Iraqi attack on Israel at 0930 [0030 GMT] while attending a cabinet meeting to discuss comprehensive energy measures. If reports of an Iraqi attack on Israel are true, this is a very regrettable situation. The Palestinian issue belongs on a different level than the current Gulf war.

Stresses Need for Iraqi Withdrawal

OW1801023191 Tokyo KYODO in English 0212 GMT 18 Jan 91

[Text] Tokyo, Jan. 18 KYODO—Prime Minister Toshiki Kaifu on Friday expressed his regret at Iraq's missile attack on Israel, saying he hopes the grave situation in the region will be normalized as soon as possible.

"The Iraqi invasion of Kuwait should not be linked with the Palestinian issue," Kaifu told reporters. He also said Iraq's withdrawal from Kuwait must be given top priority.

Foreign Ministry officials also expressed concern over possible escalation of the Gulf war in the wake of Iraq's attack on Israel, saying that the missile attack will have a substantial political impact upon nations involved in the war. But, noting that the U.S.-led multinational force is expected to intensify its offensive against Iraq, the officials said there is little possibility that Iraq will be able to continue its missile attacks on the Jewish state.

Prime Minister Addresses Diet on Gulf Crisis

OW1801073691 Tokyo NHK General Television Network in Japanese 0309 GMT 18 Jan 91

[Speech by Prime Minister Toshiki Kaifu to the House of Representatives at the reopening of its session in the main chamber—live]

[Text] I would like to clarify the government's basic views on ways to cope with the grave emergency situation in connection with the Gulf crisis and to obtain your understanding and cooperation.

Yesterday, UN member nations, including the United States, the United Kingdom, and Arab countries, ventured into exercising armed force in order to implement the resolutions of the UN Security Council [UNSC], calling for the total withdrawal of Iraq from Kuwait and the restoration of the authority of the legitimate Government of Kuwait.

Heretofore, our country, recognizing its responsibility in the international community to make as large a contribution as possible to the solution of this Gulf crisis, has implemented economic sanctions against Iraq prior to the adoption of the UNSC resolutions. At the same time, Japan adopted a package of Middle East contributions—centering around a total of $2 billion in assistance to the peace restoration activities in the Gulf, approximately $2 billion in aid to the countries on the periphery, and more than $22 million in assistance to refugees—and has been steadily translating it into practice. In addition, Japan has taken a set of diplomatic steps calling on Iraq to totally withdraw from Kuwait in compliance with the UNSC resolutions.

As you all know, the international community made every possible effort, to the very limit, to find a peaceful solution to the situation, as witnessed by the direct foreign ministerial talks between the United States and Iraq, and the UN secretary general's visit to Iraq. This notwithstanding, the Iraqi Government disregarded even the UNSC resolutions from beginning to end, and continued its aggression and annexation of Kuwait beyond the 15 January deadline.

Japan strongly denounces this outrageous act of Iraq and, at the same time, deeply regrets that the efforts of the international community to find a peaceful resolution to this crisis have come to naught.

Iraq's naked act of aggression and annexation against its neighboring country is an affront to the authority of the United Nations, which is responsible for the maintenance of international peace and security. To overlook this amounts to shaking the foundation of fair and stable international order, which is essential for the existence of our country. This also amounts to crushing the hope for establishing a new order by means of dialogue and cooperation, based on freedom and democracy.

From this viewpoint, Japan expresses its resolute support for the latest exercise of armed force, an action taken by the United States and other nations involved as an inevitable last resort to remove aggression and to restore peace in accordance with the UNSC Resolution 678. [applause mixed with jeers]

In the wake of the latest development, the government has immediately called the National Security Council into session and promptly adopted a package of measures to cope with the emergency situation and, at a subsequent extraordinary Cabinet meeting, decided to establish a Gulf Crisis Measures Center task force under the Cabinet. The center is to work out required measures promptly in order for the government to powerfully carry out comprehensive and effective emergency measures in one body.

In accordance with the UN Security Council resolutions, Japan is resolved to provide as much assistance as possible under the Japanese Constitution to the actions taken by the relevant nations for restoring international peace and security and intends to steadily implement the package of assistance measures already adopted for activities to restore peace in the Gulf and, at the same time, to extend new assistance to the nations concerned.

In addition, Japan has decided to extend as much assistance as possible to the relief of refugees, in cooperation with the relevant international agencies, and is already translating it into practice. In terms of funds and material, Japan intends to promptly provide $38 million in expenditure for the relief of refugees, as requested of the international community by the UN Disaster Relief Coordinator's Office. Japan also intends to make available blankets and other relief supplies at the request of the governments of the countries on the periphery.

Particularly, in such humanitarian and nonmilitary areas as the transport of refugees, the government intends to request help from private airline companies, on the premise that safety is guaranteed. At the same time, if there are no other means available, the government intends to study the possibility of employing Self-Defense Force [SDF] transport planes as occasion demands. [jeers]

Japan strongly urges the Iraqi Government to respect the unanimous will of the international community and immediately to accept all the relevant UN Security Council resolutions.

Our country strongly hopes that the hostilities in the Gulf region will be terminated at an early date and that a lasting peace and stability will be swiftly achieved as early as possible in the Middle East, on which Japan depends for more than 70 percent of its crude oil imports. [applause, mixed with jeers]

To use a sure card in ensuring the safety of the Japanese nationals residing in the Gulf and the areas on its periphery, as well as for ships navigating in waters in its vicinity, the government has already taken the required steps. It will continue to do everything in its ability to protect Japanese nationals so that unforeseen accidents will not befall them from the latest development in the situation.

To prepare against the possible outbreak of hijackings and other emergency situations at home and abroad, the government is also taking necessary measures for their prevention. The government will also strive to keep to a minimum, through international cooperation, any baneful influence from the situation on the Japanese economy and to ensure stability for the national life.

Fortunately, compared with the time of the two oil crises in the past, the dependence of the Japanese economy on oil has been significantly lowered. The government judges that there will be no significant influence on our domestic supply and demand situation for oil, as well as on the national life for the moment because it will make the most of its 142-day oil stockpile with mobility, acting in concert with other countries.

The government will strive to check and monitor the supply and demand situation for goods other than oil, which are deeply related with the national life, and, at the same time, make accurate information available promptly. The government calls on the nation to make further efforts toward saving energy, and to act calmly.

Convinced that the above-stated policies accord with our national interests and also with the ideal of our Constitution, which aspires to a lasting peace through international cooperation, the government ardently calls for your understanding and cooperation. [applause] [At this point, the television network interrupts its live coverage of the Diet session to show an "ABC News Exclusive" of scenes depicting the Iraqi counterattack on Israel]

Israeli Ambassador on Retaliation Against Iraq

OW1801111791 Tokyo KYODO in English 1057 GMT 18 Jan 91

[Text] Tokyo, Jan. 18 KYODO—Israel is ready to retaliate against Iraq but will not take such action automatically, Israeli Ambassador to Japan Nahum Eshkol said Friday.

"I was very, very worried about whether or not chemical weapons were used," Eshkol told Japanese reporters at the Israeli Embassy following Iraq's missile attacks on his country earlier in the day.

Asked about a possibility Israel could use nuclear weapons, Eshkol said, "We have emphasized over and over again that we should not introduce nuclear (weapons) into the Middle East." Eshkol said his country will not become the first nation to use nuclear weapons in the region.

The ambassador touched upon Iraqi President Saddam Husayn's vow to strike Israel with chemical weapons if attacked by the U.S.-led multinational forces, and said, "We took his words seriously, because we knew he was in earnest." He also accused Husayn of launching indiscriminate attacks on his country, saying seven Israeli citizens were injured.

Stressing that there was no provocation from Israel before the Iraqi missile attacks early Friday, Eshkol said his country has a right to retaliate against Iraq. But Eshkol added that Israel will not automatically take such action, saying it will consider carefully the various aspects of the war such as the impact on neighboring nations. Eshkol also said Israel has not initiated an offensive against Iraq, in compliance with the U.S. request for self-restraint.

Asked whether Israel will consult with the United States and the United Nations on the matter, he said his country will keep close contact with the administration of President George Bush. But, he added, "A final decision is ours."

Officials Urge Israeli 'Restraint' Toward Iraq

OW1801090591 Tokyo KYODO in English 0848 GMT 18 Jan 91

[Text] Tokyo, Jan. 18 KYODO—Israel should exercise restraint amid the Persian Gulf war and not retaliate for Iraqi missile attacks on its territory, a senior Foreign Ministry official said Friday.

"It would further complicate the situation and would disturb the unity of Arab nations and of the world community," said the official, who spoke on condition of anonymity.

Foreign Ministry Press Secretary Taizo Watanabe echoed the official's concern but did not go so far as to publicly caution Israel against retaliatory strikes.

"An Israeli retaliation must not be permitted to disrupt the unity of the multinational forces," Watanabe told Japanese reporters. The spokesman added that the restraint Israel has shown so far is welcomed by Japan, which regrets that Iraq attacked it without any provocation.

The remarks followed Prime Minister Toshiki Kaifu's expression of concern earlier in the day over Baghdad's missile attacks on Tel Aviv. Kaifu also reiterated Japan's position that the Iraqi invasion of Kuwait should be kept distinct from the Palestinian issue.

The senior Foreign Ministry official, explaining why Japan does not publicly call on Israeli to exhibit further self-restraint, said, "We are not part of the military operation, so Japan may not be the best country to do that." The official expressed confidence that Washington is exerting its influence to try and keep Israel out of the conflict.

Observers have predicted that an Israeli retaliation would draw Jordan into the conflict and could spur two major Arab nations in the anti-Iraq coalition, Syria and Egypt, to take up arms against the Jewish state.

Iraqi Envoy Admits Missile Attack on Israel

OW1801040691 Tokyo NHK General Television Network in Japanese 0306 GMT 18 Jan 91

[Text] Speaking at a news conference at the Iraqi Embassy in Tokyo at 0200 GMT on 18 January, Iraqi Ambassador to Japan Rashid al-Rifal officially admitted that Iraq had launched missiles against Israel. This is the first time that Iraqi authorities have admitted such attacks. In the news conference, Ambassador al-Rifal said: We launched missiles against Tel Aviv and Haifa in Israel. We fired eight missiles and five of them landed. I do not believe that the missiles carried any chemical weapons. This was confirmed by telex messages exchanged between our embassy and the home government.

Thus, the Iraqi envoy officially admitted the Iraqi missile attacks against Israel.

Says Iraq 'May' Use Chemical Arms

OW1801060791 Tokyo KYODO in English 0516 GMT 18 Jan 91

[Text] Tokyo, Jan. 18 KYODO—Iraqi troops launched missile attacks against Israel and Dhahran in Saudi Arabia as the country's president had threatened, said Iraqi ambassador to Japan Rashid al- Rifal on Friday.

Eight missiles were fired Friday morning in response to the multinational forces' offensive against Iraq Thursday, Al-Rifal said. Five missiles reached Tel Aviv in Israel, Al-Rifal said in a press conference in Tokyo. U.S., Israeli and Saudi officials have confirmed that Iraq fired at least eight missiles.

The ambassador also said Iraq may use chemical weapons, depending on how the Persian Gulf situation develops. But he said no missiles with chemical warheads have so far been launched.

Iraqi President Saddam Husayn had vowed to strike Israel with chemical weapons if attacked by the U.S.-led multinational forces arrayed against his country.

Al-Rifal called on Japan to halt its cooperation with the allied nations, saying Japan stands in a position against Arabs and Islam.

Describing the city of Baghdad as calm, Al-Rifal said Husayn is taking the lead in controlling the nation from the capital. The ambassador said the war will be prolonged and heavy damage will spread around the world.

The Iraqi Embassy in Tokyo also issued a statement by Al-Rifal on Friday condemning the massive aerial attacks against Iraq by the U.S.-led multinational force.

The statement said the administration of U.S. President George Bush, in coordination with some of its Western allies and "puppets," had started "criminal vast aerial attacks on Iraqi cities, towns and villages." It said, "The outcome of the first day of this aggression was the killing and injuring of many Iraqi civilians."

The statement, which said Iraqi forces destroyed 60 of the attacking warplanes and a high proportion of cruise missiles launched against them, added, "Iraq, which has always called for peaceful settlement of all the Middle Eastern problems, has tried its utmost to avoid military confrontation in the area but is unfortunately met with U.S. arrogance and ultimatums." It said Bush had made a "historical mistake" and must shoulder all responsibility for the "war of aggression."

The statement went on, "President Bush had started the fire of war and we are confident that the courageous Arab and Muslim people, spearheaded by the victorious Iraqi people, will teach him and his allies and puppets a historical lesson." The war would be "long, bloody, and devastating to the aggressors and their supporters," it said.

Al-Rifal concluded the statement with an appeal for support. He said, "I call on all the peace-loving Japanese people who suffered the atrocities of Hiroshima and Nagasaki on the same criminal hands, to denounce this American aggression and urge their government to stop taking part in it."

Requests End to Japan's Participation

OW1801032591 Tokyo NHK General Television Network in Japanese 0200 GMT 18 Jan 91

[Opening remarks by Iraqi Ambassador to Japan Rashid al-Rifal at a news conference at the Iraqi Embassy in Tokyo on 18 January—recorded, in English]

[Text] Good morning, everybody. The outcome of this aggression on the first day was the killing and injuring of many Iraqi civilians. The force of aggression, meanwhile, has suffered the loss of 60 airplanes and half of its cruise missiles, which were launched by the criminal American force.

I call on all peace-loving Japanese people who suffered the atrocity of Hiroshima and Nagasaki City, inflicted by the same hands, to denounce the American aggression and to urge their government to stop taking part in the American aggression. Thank you, very much.

Kaifu on Extending Aid to U.S.-Led Gulf Forces

OW1801051791 Tokyo KYODO in English 0446 GMT 18 Jan 91

[Text] Tokyo, Jan. 18 KYODO—Prime Minister Toshiki Kaifu said Friday Japan plans to extend as much assistance as possible to the U.S.-led multinational forces and refugees in the Persian Gulf war, in addition to possibly dispatching Self-Defense Forces [SDF] transport planes to the region.

Kaifu made the remark in his speech at the ordinary session of House of Representative of the Diet, which has resumed from its year-end recess.

"The Japanese Government will study the possibility of sending SDF transport planes to the Persian Gulf to rescue refugees fleeing from war-torn areas if there is no other way" to rescue them, Kaifu said. The Japanese prime minister, however, said the government will first ask Japanese airlines to fly evacuation missions to the Gulf, where the U.S.-led forces attacked Iraq on Thursday.

Kaifu said, "Japan is ready to pledge to extend additional aid" to the U.S.-led multinational forces and countries trying to restore peace and security in the Gulf region on the basis of the U.N. Security Council resolutions. Japan also will make every effort to give further financial and material assistance to refugees in the region, Kaifu said.

The Japanese Government has pledged to extend 2 billion dollars to the U.S.-led multinational forces and another 2 billion dollars to Gulf countries near Iraq and hit economically by the Iraqi invasion of Kuwait on August 2 last year. It also decided to grant 22 million dollars to help a number of refugees in the region.

Kaifu told Diet members that Japan totally supports the military action against Iraq because Baghdad had ignored U.N. Security Council resolutions calling for its withdrawal from Kuwait. He said the Iraqi invasion of Kuwait is a challenge to the United Nations, whose responsibility is to maintain peace and security in the world. Kaifu noted Japan has crucial national interests in the Gulf, which he said provided Japan with more than 70 percent of its oil imports.

"Japan strongly hopes Iraq will accept the U.N. Security Council resolutions calling for its withdrawal from Kuwait," said Kaifu, adding that Baghdad's acceptance of the resolutions is the only way to bring permanent peace and security to the Middle East.

The Japanese Government has initiated a full alert against possible air hijackings in Japan and other parts of the world, in response to the Gulf war, Kaifu said. He also said Japan will do its utmost to protect Japanese people still in the Gulf region.

Hints at Sending Transport Planes

OW1801080491 Tokyo KYODO in English 0615 GMT 18 Jan 91

[Text] Tokyo, Jan. 18 KYODO—Prime Minister Toshiki Kaifu hinted Friday that the dispatch of Self-Defense Force (SDF) transport planes to the war-torn Persian Gulf to rescue refugees does not violate the war-renouncing Constitution.

Kaifu was replying to a question from Japan Socialist Party (JSP) Chairwoman Takako Doi in the ordinary session of the Diet's House of Representatives, which resumed from year-end and New Year recess on the same day. He said, "The dispatch of the SDF to the Middle East is not meant as Japan's participation in the Gulf War because the United Nations has repeatedly requested Japan to provide airplanes for the United Nations on humanitarian grounds to rescue refugees in the region."

Kaifu earlier told the Diet in his opening speech that the Japanese Government will study the possibility of sending SDF transport planes to the Persian Gulf to rescue refugees if there is no other way to rescue them.

Kaifu declined to answer Doi's request that he launch a peace initiative to bring the United States and Iraq to the negotiating table, and he said Japan will not allow Iraq to annex Kuwait. "The first condition to bring peace to the Gulf region is the Iraqi withdrawal from the oil-rich emirate," Kaifu said. He said the most urgent priority is the restoration of Kuwait's territorial integrity and the fallen Kuwaiti Government. The prime minister said it is not too late for Iraq to pull its forces out of Kuwait "even after" the U.S.-led multinational forces attacked Iraq on Thursday.

Japanese Communist Party (JCP) Chairman Tetsuzo Fuwa argued that the Government's pledge of financial aid to the multinational forces means Japan is participating in the Gulf War.

Kaifu replied that as an "international nation," Japan would naturally contribute to restoring a fair peace in the Middle East through financial aid. He said in his speech that Japan will make every effort to give further financial assistance to the anti-Iraq forces and refugees in the region.

The Government has promised 2 billion dollars to the U.S.-led forces and another 2 billion dollars to Gulf countries hit economically by the Iraqi invasion of Kuwait on August 2. It also will grant 22 million dollars to refugees in the region.

Fuwa blamed the United States for hastily launching a war against Iraq and ignoring the French Government's initiative for an overall Middle East peace settlement, including the resolution of the Palestinian issue. Kaifu defended the United States, saying U.S. leaders had seriously considered the French peace initiative.

Takeo Nishioka, chairman of the ruling Liberal Democratic Party's Executive Council, and Koshiro Ishida, leader of Japan's second- largest opposition party Komeito, asked Kaifu about the negative effects of the Gulf war on the lives of Japanese people. Kaifu replied that the Government will make every effort to curb an expected surge in oil prices and to balance oil supply and demand to protect the Japanese.

In the House of Councilors, LDP member Junzo Iwasaki asked about the possibility of Japan's sending SDF transport airplanes to the Middle East to help evacuate refugees from war-torn areas.

Defense Agency Chief Yukihiko Ikeda said he does not think the dispatch of the transport planes to the Gulf would violate Japan's war-denouncing Constitution "unless the planes resort to use of force" in the Gulf war.

In responding to a question from JSP member Sango Sato, Foreign Minister Taro Nakayama said the Government has asked Japanese private airlines to carry refugees in the Middle East despite the refusal of insurance companies to insure planes and passengers in war zones.

Referring to financial aid to the U.S.-led multinational forces and refugees, Finance Minister Ryutaro Hashimoto said it is inappropriate for the Japanese Government to issue national bonds to raise the aid money.

Sources: Tokyo Plans $5 Billion More in Gulf Aid

OW1801152691 Tokyo KYODO in English 1506 GMT 18 Jan 91

[Text] Tokyo, Jan. 18 KYODO—Japan plans to extend 5 billion dollars in additional aid to the U.S-led multinational forces in the Persian Gulf now battling with Iraq to force its troops out of Kuwait, political sources said Friday. The additional support will raise the total amount of Japan's assistance to the allied forces to 7 billion dollars.

Japan also plans to dispatch five C-130 transport planes of the Self-Defense Forces (SDF) to the Middle East to carry refugees and evacuees, Liberal Democratic Party (LDP) sources said. It is also planning to send a medical team, which will consist of some 10 doctors from the SDF, sources said. The government will finalize the decision around January 25, they said.

Japan will compile a supplementary budget for fiscal 1990 and pay the money by March 31, government sources said.

The government is considering the issuance of short-term bonds to finance the assistance while gasoline and oil taxes are raised to cover it, the sources said.

Chief Cabinet Secretary Misoji Sakamoto told a news conference that it is "common sense" that Japan's additional assistance will top the 2 billion dollars it has already pledged through the Gulf Cooperation Council. The additional aid will be much more now that the multinational forces have gone to war with Iraq, Sakamoto said.

Prime Minister Toshiki Kaifu pledged Wednesday that Japan will offer "maximum assistance" to the multinational forces.

A Foreign Ministry spokesman said, meanwhile, that Japan will contribute considerably more to the multinational forces battling Iraq in the Gulf than the 2 billion dollars it pledged last year.

"We know that the actual amount of money is going to be much, much more than we have committed (so far)," Press Secretary Taizo Watanabe told foreign correspondents.

Kaifu has said he is considering the dispatch of SDF transport planes to help evacuate refugees from a humanitarian standpoint.

The LDP sources said access to Japanese or U.S. commercial airlines will be difficult and that the Self-Defense Forces law allows the use of SDF transport aircraft. SDF planes will shuttle back and forth to carry refugees from Amman to Cairo, the sources said.

The largest opposition party, the Japan Socialist Party, has opposed the plan to dispatch SDF planes to the Gulf region, saying there is no legal basis to do so. The sending of an SDF medical team is also allowed under the SDF law and SDF medical doctors will treat sick evacuees, they said.

Two Japanese medical teams—the first with 17 volunteers and the second with just seven—returned to Japan last year despite the government's promise in September to form a 100-member team.

The Foreign Ministry's Watanabe told foreign correspondents that the government will announce a "lump sum figure" in a matter of days or weeks, "not months."

"It all depends on the actual development of the situation," the spokesman said. He added that Japan is trying to determine how much the multinational forces need and what other countries will pay.

Watanabe said Japan is well aware of the demerits of making a delayed announcement, but a "haphazard, piece-by-piece announcement is much worse."

"The political determination and will is clear-cut—we will extend the maximum possible support," the spokesman said.

Watanabe said the government is looking into ways of meeting Prime Minister Kaifu's pledge of "maximum" financial assistance to the U.S.-led forces. Only some 1.7 billion yen is left in the state coffers for the current fiscal year, ending in April, he said. The spokesman said he was unable to comment on the prospect of the Finance Ministry's issuing deficit bonds to generate the needed money.

Watanabe acknowledged that the appropriation of funds would have to be approved by the Diet. But he said a government request would have a "reasonable prospect" of passing without too much difficulty. "There is always a means of getting an urgent response from the Diet, but I cannot go into detail," he said.

Rejecting criticism that additional money should be proferred immediately, Watanabe said it would be "insincere" for Japan to rush an announcement "only for the purpose of satisfying curiosity."

"War has just started and I think no one in the world today knows exactly how long it will continue and how much will be the total cost," he said.

U.S. Envoy Meets Opposition on More Gulf Aid

OW1801121391 Tokyo KYODO in English 1137 GMT 18 Jan 91

[Text] Tokyo, Jan. 18 KYODO—Japan's second and fourth largest opposition parties, Komeito and the Democratic Socialist Party (DSP), both said Friday they will back a Japanese Government plan to extend additional financial assistance to the U.S.-led multinational forces in the Persian Gulf.

Komeito Chairman Koshiro Ishida and DSP Chairman Keigo Ouchi made the pledge in separate meetings with U.S. Ambassador to Japan Michael H. Armacost.

Armacost asked the two party leaders to support extended financial aid to the multinational forces as the United States has shouldered a heavier financial burden following Thursday's outbreak of the Gulf war. The ambassador told both men that the United States also requests that Japan grant aid to refugees to be evacuated from war-torn areas of the Gulf region.

Earlier in the day, Prime Minister Toshiki Kaifu said in the Diet that his Government is considering providing additional financial support to the multinational forces. Japan has so far provided 2 billion dollars to the allied forces since Iraq's invasion of Kuwait last August.

Tokyo 'Satisfied' With U.S. Gulf Attack Notice

OW1701140091 Tokyo KYODO in English 1328 GMT 17 Jan 91

[Text] Tokyo, Jan. 17 KYODO—Japan is satisfied the United States accorded it the courtesy of advance notification of the multinational forces attack on Iraq, even though it was only 10 minutes, a top Foreign Ministry official said Thursday.

The official, who spoke to reporters on condition of anonymity, was rebutting views that it was an affront to Japan to be notified with so little time to spare before the attack took place.

As Japan is not participating in military activities by the multinational forces, it would not be fair to compare the timing of Japan's notification with that of countries more directly involved, the official said. He said it was courteous of Washington to brief Japan beforehand, given its position as a country strongly supportive of U.S. efforts in the Persian Gulf region.

Foreign Ministry officials said the U.S. had intended to give Japan 30 minutes advance notification when U.S. Secretary of State James Baker met Japanese Ambassador to the U.S. Ryohei Murata, but the attack took place 20 minutes before expected.

Some 20 minutes after the attack commenced, Baker telephoned Tokyo and transmitted a message to Japanese Foreign Minister Taro Nakayama through Vice Foreign Minister Hisashi Owada, they said.

Ex-Premiers Stress Backing U.S. Action in Gulf

OW1701154591 Tokyo KYODO in English 1305 GMT 17 Jan 91

[Text] Tokyo, Jan. 17 KYODO—Three former Japanese prime ministers and a former House of Representatives speaker said Thursday Japan should extend its fullest cooperation to military action by the U.S.-led multinational forces against Iraq.

The three former prime ministers—Takeo Fukuda, Yasuhiro Nakasone, and Noboru Takeshita and former Lower House Speaker Kenzaburo Hara—made the remarks in their meeting with Prime Minister Toshiki Kaifu.

Kaifu said the Japanese Government is studying ways of sending Self-Defense Forces (SDF) transport planes to the war-torn Gulf region to rescue refugees from areas in the Middle East. Hara told Kaifu the government must gain the understanding of the Japanese people before it decides to dispatch SDF transport planes to the Gulf.

Nakasone and Takeshita said the government also should gain the understanding of the Japanese people of its proposal to extend additional financial aid to the U.S.-led multinational forces before it decides to indicate the amount of aid.

Nakasone implied a need for a conference to comprehensively resolve outstanding Middle East issues, including the Palestinian problem, saying he has in mind Iraqi President Saddam Husayn's appeal for a solution to the Palestinian issue. He said Japan should strive for an early end to the war and the subsequent permanent peace and security of the Middle East.

'Wheels of War' Push Diet Into 'Special Debate'

OW1801033491 Tokyo KYODO in English 0239 GMT 18 Jan 91

[Text] Tokyo, Jan. 18 KYODO—Wheels of war now in gear in the Persian Gulf are throwing open the Japanese parliament Friday for special debate on the nation's cooperation measures for the U.S.-led multinational military action in the Persian Gulf.

The unprecedented reconvocation of the Diet, which was to resume business January 25 after year-end and new year recess, follows agreement reached among the ruling Liberal Democratic Party (LDP) and opposition parties that Japan should show sincere stance of support immediately for the U.S.-led multinational forces conducting military raids on Iraq.

The House of Representatives and House of Councillors will hold sessions in the afternoon to hear Prime Minister Toshiki Kaifu address a new package of Japanese contributions to international armed efforts to pull Iraq out of Kuwait and opposition parties quiz him on these measures.

As no. 1 opposition party leader, Takako Doi, chairwoman of the Japan Socialist Party (JSP), takes the lead in questions from the oppostion camp on Kaifu's speech in the lower chamber's plenary session starting soon after noon. Similar debate comes in the upper house's plenary meeting beginning at 3:00 p.m.

The focus of interpellations involves dispatch of the Self-Defense Forces (SDF) planes for airlift refugees and Japanese evacuees in the war-torn areas in the Middle East, as well as a fresh financial aid to the international force arraged against Baghdad, which Kaifu pledged in a news conference given after the war broke out in the region Thursday.

Doi, opposed to the proposed use of the SDF aircraft for such purpose because of constitutional restraints, will urge early convocation of the U.N. Security Council aimed at preventing the escalation of the Gulf war and realizing a truce.

Koshiro Ishida, chairman of the Komeito, will repeat opposition to the idea of sending the paramilitary force overseas and propose against extending financial support for supplies of weapons and ammunition.

Chairman Keigo Ouchi of the Democratic Socialist Party (DSP) will recommend funding the U.S.-requested aid with the budgetary reserve instead of new tax measures.

The Japanese Communist Party (JCP) will have Chairman Tetsuzo Fuwa reiterate objection to all Japanese contributions to the multinational forces as a virtual collaboration in the war.

Most opposition leaders will pressure the prime minister for him to call for other countries' drive to realize peace through peaceful diplomatic efforts through the parliamentary discussion.

Kaifu Urges Citizens To Conserve Energy

OW1801040891 Tokyo KYODO in English 0352 GMT 18 Jan 91

[Text] Tokyo, Jan. 18 KYODO—Prime Minister Toshiki Kaifu on Friday called on the Japanese people to intensify efforts to conserve energy following the outbreak of war in the Persian Gulf.

The call was made at a meeting of his ministers concerned with energy matters, government officials said.

The Kaifu cabinet is urging oil companies to release 14.6 million barrels, equivalent to four days' supply, from crude oil reserves to counteract possible shortages resulting from the war.

"We want to urge everyone to implement energy-saving efforts, including turning down heating, so as to minimize the adverse effects (of the Gulf war) on the economy," Kaifu said.

IEA, MITI Institute Oil Reserve Drawdown

OW1701135391 Tokyo KYODO in English 1331 GMT 17 Jan 91

[Text] Tokyo, Jan. 17 KYODO—The Natural Resources and Energy Agency said Thursday the International Energy Agency (IEA) has notified it that the internationally coordinated plan to avert a possible oil shortage during the war in the Persian Gulf is now in effect.

In line with the plan, the affiliate of the Ministry of International Trade and Industry (MITI) will allow oil wholesalers to draw down their oil reserves, set by law at an 82-day minimum, to 78 days.

The governing board meeting of the world energy watchdog agreed in Paris last weekend to release a total of 2.5 million barrels of oil per day in the event of war in the Gulf through a combination of stock drawdowns, cuts in demand, and other measures. As a result of the move, oil wholesalers can withdraw 14.5 million barrels from their stocks by the end of February, or 350,000 barrels a day, the amount the IEA asked Japan to provide.

A brief on the stockpile drawdown will be provided by Minister of International Trade and Industry Eiichi Nakao to a meeting of energy-related cabinet members, scheduled for Friday morning, along with other emergency steps mapped out by his ministry's special task force.

The task force decided to ask oil companies to refrain from buying oil at soaring prices, to monitor fuel prices to prevent price hikes taking advantage of the crisis, and to seek a more thorough saving of energy.

The ministry's package of measures is intended to reassure the public that the Gulf war will not lead to another oil shock, and to prevent any panic reactions.

LDP Considering Higher Taxes on Oil, Gasoline

OW1701021291 Tokyo KYODO in English 1533 GMT 16 Jan 91

[Text] Tokyo, Jan. 16 KYODO—The ruling Liberal Democratic Party (LDP) is considering increasing oil tax rates as a temporary measure to raise extra funds for additional aid to the U.S.-led multinational forces in the Persian Gulf, sources said Wednesday.

The oil tax is imposed on crude oil, liquefied and natural gas as well as on imported petroleum products.

In view of their objective for sounder fiscal management, however, the LDP leaders agreed not to issue any deficit-covering bonds for this purpose, the sources said.

The measure, if materialized, is also expected to help relieve the pressure from the United States and other major countries for Japan to provide further financial aid to the international coalition forces in the Gulf as the January 15 deadline for Iraq's withdrawal from Kuwait has passed. But the LDP's proposed stop-gap measure, to be submitted to the government, is certain to meet resistance from opposition parties, the oil industry, and even within the governing party itself, the sources said. The Finance Ministry already seems negative toward the measure. "Even if the idea is quickly legislated, it will be impossible to raise enough funds through the measure in the current fiscal year," a ministry official said.

While the LDP wants to implement the higher taxes in another fiscal 1990 supplementary budget, the ministry is against this move, arguing that the taxation cannot make up for sluggish corporate tax revenues amid a slower economy.

The government has already disbursed a portion of its 2 billion dollar contribution to the Gulf forces under a supplementary budget for fiscal 1990 that cleared the Diet last month.

The ministry's reluctance also reflects its fears that the new higher tax plan would make it difficult for the fiscal 1991 budget, starting in April, to pass the Diet.

The sources said the ministry will rather seek an early passage of the fiscal 1991 budget, which enables it to provide the Gulf aid from its 350 billion yen reserve funds.

Steelmakers To Stop Shipments to Middle East

OW1801103491 Tokyo KYODO in English 0959 GMT 18 Jan 91

[Text] Tokyo, Jan. 18 KYODO—Major Japanese steelmakers will stop steel shipments to Middle East countries except Iran because the Persian Gulf is preventing their ships from entering the region.

The move follows an announcement by Nippon Steel Corp. on Friday that it will suspend production and shipments of steel for the Gulf countries.

Four other companies—NKK Corp., Sumitomo Metal Industries Ltd., Kawasaki Steel Corp., and Kobe Steel Ltd.—showed mixed stances, but their shipments will be affected by Nippon Steel's decision since the five companies are jointly operating a ship to the Gulf.

Exports to Iran, however, will be continued, as Iran will provide a ship.

"If the war is quickly ended, there will be little damage to our business," an official at one of the steelmakers said.

Japan's steel exports to the Middle East totaled an estimated 1,105,000 tons in 1990, accounting for 6.6 percent of their total shipments.

Nakayama To Leave on 4-Day Trip to Moscow 21 Jan

OW1801060991 Tokyo KYODO in English 0547 GMT 18 Jan 91

[Text] Tokyo, Jan. 18 KYODO—Foreign Minister Taro Nakayama will leave for Moscow on Monday for a four-day visit to meet with his new counterpart Aleksandr Bessmertnykh, the government said Friday.

Nakayama will meet with Bessmertnykh twice Tuesday and will pay a visit to President Mikhail Gorbachev on

Wednesday before returning home Thursday. Nakayama's schedule for the Soviet trip was approved at a cabinet meeting Friday.

Chief Cabinet Secretary Misoji Sakamoto in a press conference stressed the significance of the Nakayama trip, which had been delayed because of political upheaval in the Soviet Union. Sakamoto referred to the planned visit to Japan by Gorbachev in April and negotiations on Japan's decades-old territorial claim over a group of currently Soviet-held islands.

Foreign Ministry sources have said the minister's meetings would seek a common ground between the two countries on the outbreak of war between U.S.-led allied troops and Iraq.

Plans Joint Communique on Gulf

OW1701142791 Tokyo KYODO in English 1415 GMT 17 Jan 91

[Text] Tokyo, Jan. 17 KYODO—Japan is planning to issue a joint communique with the Soviet Union on the Persian Gulf situation when Foreign Minister Taro Nakayama visits Moscow next week, Foreign Ministry sources said Thursday.

The sources said Nakayama will leave for Moscow next Monday as scheduled despite the current Soviet political upheaval over rebel Baltic republics and the replacement of Eduard Shevardnadze by Aleksandr Bessmertnykh as foreign minister.

Nakayama and Bessmertnykh are to meet twice Tuesday, and the Japanese minister is to meet President Mikhail Gorbachev on Wednesday to seek a common stance on a joint communique over the Gulf situation, as multinational forces began attacking Iraq on Thursday after the expiry of the U.N. deadline for Iraq to pull out from Kuwait.

Japan is also expected to express its concern over the use of military force in the Baltic region and state that any possible increase of bloodshed there could have a negative impact on bilateral relations, the sources said.

Ministry sources also stressed the need to use the visit as an occasion to set a specific date for Gorbachev's planned Japan visit in April.

Japan also hopes to invite Bessmertnykh to Tokyo in February or March for final preparations for the visit by Gorbachev, who would be the first Kremlin leader to visit Japan, and in order to reiterate Japan's commitment to solving the decades-long territorial dispute over a group of Soviet-held islands, the sources said.

Soviets Request Aid To Attend Sporting Event

OW1601100791 Tokyo KYODO in English 0918 GMT 16 Jan 91

[Text] Sapporo, Jan. 16 KYODO—A senior official of the Soviet Student Sports Association has asked Hokkaido Governor Takahiro Yokomichi for help in paying the costs for a Soviet athletic delegation to participate in the upcoming Sapporo winter universiad, officials of the event's organizing committee said Wednesday.

The officials said Boris Roghatin, a member of the Supreme Council and the first deputy chairman of the International Federation of University Sport (FISU), made the request in a letter to Yokomichi, citing financial difficulties in the league as the reason.

The Sapporo winter university games will be held March 2 through 10.

In the letter, Roghatin called for Japan's assistance in meeting travel and hotel expenses for about 95 Soviet athletes and staff, the officials said.

According to the organizers, a total of 35 nations will enter the Sapporo universiad, the largest number in the winter event's history.

Athletes aged 17 to 28, who are either students or have graduated within the past two years, are eligible to compete in the games.

Organizers Unable To Meet Request

OW1701111791 Tokyo KYODO in English 1002 GMT 17 Jan 91

[Text] Tokyo, Jan. 17 KYODO—Organizers for the Sapporo winter universiad in March will respond to the Soviet Union that it can hardly meet its request for financial aid for competing in the upcoming sports extravaganza.

The organizers received a written request from the Soviet Union late last year calling on them to help pay travel and accommodation costs for a total of 95 Soviet athletes planning to participate in the universiad.

The organizers led by Japanese Olympic Committee President Hironoshin Furuhashi said after discussing the Soviet request on Thursday that it is difficult to meet its request.

One of the organizers was quoted as saying he understood the financial plight of the Soviets, but expressed fear that once Japan accepts the request, other countries may follow suit.

USSR Orders 100,000 Tons of Seamless Steel Pipes

OW1601115091 Tokyo KYODO in English 1053 GMT 16 Jan 91

[Text] Tokyo, Jan. 16 KYODO—Four major Japanese steel manufacturers said Wednesday they have received an order for about 100,000 tons of seamless steel pipes from the Soviet Union for shipment between April and June.

The group, including Nippon Steel Corp., said the Soviet Union agreed to a price rise of about 10 percent because of higher crude oil prices.

The agreement was reached at meetings held in Moscow since January 9 by representatives of each side.

Okinawa Governor Calls Off Feb Trip to U.S.

OW1701135591 Naha OKINAWA TIMES in Japanese 17 Jan 91 Evening Edition p 2

[Text] Governor Masahide Ota announced that he has called off his planned visit to the United States which he had scheduled for February in order to resolve the military bases issue. He made the announcement at a news conference on the morning of 17 January in the wake of the armed clash in the Gulf.

The cancellation of his visit to Washington, which was decided earlier in the day at an emergency meeting of the three top executives of the prefectural government, will be conveyed to the U.S. Consulate General in Naha and the U.S. Embassy in Tokyo.

Governor Ota had planned to pay a 10-day visit to the United States, beginning on 7 February or before the prefectural assembly opened its regular monthly session for February. During the visit he planned to appeal to the Department of State, the Pentagon, Congress, and U.S. news media for a solution to the bases issue in Okinawa. Previously, the governor had said that his visit would "depend on developments in the Gulf situation in the Middle East" and that "my visit to Washington in February would be impossible" in case an armed conflict broke out.

The timing of the governor's U.S. visit is expected to be reexamined at a later date but, at the present moment, there is no prospect for a rescheduled visit in sight.

In connection with the armed clash in the Middle East Gulf, the governor also made public that he would make a representation to the U.S. forces coordinator in Okinawa and the U.S. Consulate General in Naha through a lieutenant governor and the director of the governor's executive office. He said he would state that "the people of Okinawa Prefecture feel apprehensive about Okinawa turning into a base for U.S. military operations, and I request that you take this into consideration."

When asked if he thought "that the outbreak of the armed conflict in the Gulf would affect the proposed return of U.S. military bases in Okinawa," Governor Ota said, "from medium- and long-range viewpoints, I believe that this will not have much of an influence." He thus clarified his view that, regardless of how the Gulf situation develops, there will be no change in the U.S. plan to consolidate and reduce its military bases in Okinawa.

U.S. Views Follow-Up SII Talks as Constructive

OW1701154791 Tokyo KYODO in English 1436 GMT 17 Jan 91

[Text] Tokyo, Jan. 17 KYODO—Japan has moved in the right direction over implementation and commitment to the U.S.-Japan bilateral trade talks, but there are still many points to be covered, U.S. officials said Thursday.

At the close of the first of a two-day follow-up meeting as part of the so-called Structural Impediments Initiative (SII) talks, U.S. Trade negotiators summarized Thursday's discussion, the second of its kind, as "one of the best we had in the process of the SII meeting," especially covering Japan's keiretsu grouping system. Keiretsu is a system of very close and usually exclusive business ties often based on cross share-holdings.

However, the U.S. made several additional suggestions aimed at improving disclosure standards in Japan, the U.S. officials said at a press conference after the talks. Their new proposals include the issue of shareholders' rights.

Among the suggestions put by the U.S. side was that the Japanese Government consider either lowering the threshold on qualification for access to books and records of public companies from the current 10 percent to 1 percent, or to allowing access to any shareholder who has owned stock in a company for at least six months. Reaction by Japanese counterparts to the new suggestions was not immediately known.

On the issue of strengthening Japan's antimonopoly law in relation to prevention of exclusive business practices, which the U.S. has claimed are too prevalent in Japan, the U.S. officials repeated their charge that the level of Japan's surcharges against cartels is still lower than the level they think effective.

Japan's Fair Trade Commission decided to raise fines to a maximum 6 percent of sales through a revision of the law, but the U.S. has requested 10 percent.

Thursday's discussion covered matters related to savings and investment balances, U.S. plans to cut its budget deficit, Japan's keiretsu system, and exclusionary business practices as well as land issues, the U.S. officials said. The negotiators will discuss the distribution system and pricing on Friday, they said.

Calls for Higher Cartel Fines

OW1701142191 Tokyo KYODO in English 1359 GMT 17 Jan 91

[Text] Tokyo, Jan. 17 KYODO—The United States called on Japan to raise fines on illegal cartels to 10 percent of sales, expressing dissatisfaction over Japan's proposal of 6 percent, government officials said Thursday.

Washington made clear it is not happy with Japan's efforts to eradicate exclusionary business practices, in a follow-up meeting to the Structural Impediments Initiative (SII) for freer trade and investment between the two countries.

Senior officials of the Japanese and U.S. Governments met to review and assess the progress that both sides have made in their commitments to eliminate structural barriers to trade and investment.

On the first day of a two-day meeting, the two parties talked over the Japanese side of the problems pointed out in the final report to the SII talks last June.

The topics discussed in the second meeting for follow-up talks included investment and savings patterns, keiretsu relationships, exclusionary business practices, and land policy, the officials said.

"The U.S. was apparently not satisfied with the measures that Japan has pledged to take concerning the exclusionary business practices," said Kenichiro Sasae, director of the Second North America Division of the Foreign Ministry.

On the issue of boosting Japan's antimonopoly enforcement, the United States called for higher penalties on illegal cartels, claiming Japan's recent proposal to raise the fines to a maximum of 6 percent from the current maximum of 2 percent is insufficient. Sasae said the U.S. side suggested the figure of 10 percent for the cartel fines.

Tokyo countered that the 6 percent surcharge—the figure based on the average ratio of operating profits to sales—is enough to cause firms engaged in cartels to cough up the profits raked in by illegal practices. But Japan's argument failed to convince the U.S., Sasae said. The U.S. also called on Japan to lower the costs for filing suits in court for damages caused by anticompetitive actions by companies.

Concerning so-called keiretsu relationships—very close and usually exclusive business ties often based on cross share-holdings—Japan explained its action plans, including guidelines, announced on Thursday, for ensuring stricter enforcement of the antimonopoly act.

The U.S., while showing some respect for Japanese efforts, still said Japan should take further steps to increase foreign investments in Japan and make corporate relations more open and transparent.

On the investment and savings pattern, the U.S. gave a favorable assessment of Japan's budgetary allocations to boost its spending on public works projects.

In the fiscal 1991 budget, the government increased public works expenditure by 6 percent over the current year.

Urges 'Durability' in SII Efforts

OW1801142891 Tokyo KYODO in English 1352 GMT 18 Jan 91

[Text] Tokyo, Jan. 18 KYODO—United States trade negotiators Friday called for "durability" in Japanese efforts at implementing bilateral trade talks aimed at eliminating trade impediments between the two countries.

Winding up a two-day follow-up meeting as part of the Structural Impediments Initiative (SII) talks on eliminating barriers to bilateral trade, Undersecretary of State Richard Mccormack said at a press meeting that Washington expects to see a credible outcome to the SII talks. He acknowledged that the Japanese Government made progress in a number of important areas, but "We are concerned about the durability," he said.

Linn Williams, deputy U.S. trade representative, also said the outcome of the meeting will become increasingly important in trade relations between the two countries in 1991.

The Uruguay Round of Multilateral Trade Talks under the General Agreement on Tariffs and Trade is on the verge of breaking down, and if that happens, the U.S. Congress will focus more attention on SII.

A failure of the Uruguay Round will cause a loss of confidence by the U.S. in multilateral ways of solving trade problems, Williams added.

The follow-up meeting was the second of its kind to evaluate progress made by the two sides on the problems identified in the final report to the SII talks last June.

With still unresolved discussions in several areas, the two sides agreed to hold another meeting in May.

Among the issues covered at the meeting, the U.S. officials singled out the issue of Japan's 6 percent surcharges on illegal cartels as a major area of dissatisfaction.

The increased budget for public works in Fiscal 1991 was received favorably, though with the reservation that the U.S. will wait and see how Japanese local governments commit themselves to putting this into effect.

The SII talks could bring "surprising" results in reducing the trade imbalance between the two countries, if all issues under discussion are improved to work in concert, the U.S. officials said.

Talks End; Antimonopoly Rift Remains

OW1801141991 Tokyo KYODO in English 1326 GMT 18 Jan 91

[Text] Tokyo, Jan. 18 KYODO—Japan and the United States ended a two-day round of trade talks aimed at improving the environment for bilateral trade and investment, with the rift over Japan's Antimonopoly Law enforcement remaining, Japanese officials said

Friday. But the officials stressed that the overall U.S. assessment on the progress Japan has made in its commitments to eliminating structural barriers to trade and investment was fairly favorable.

Koji Watanabe, deputy foreign minister, said, "The talks were constructive, and, held under such circumstances, brought into relief the importance of Japan-U.S. bilateral relations." Watanabe said at a press conference that the U.S. interests were focused on Japan's Antimonopoly Law enforcement and "keiretsu" relationships—exclusive business ties often based on cross shareholdings.

The U.S. expressed Thursday its dissatisfaction over Japan's proposal to raise surcharges on illegal cartels to a maximum 6 percent of sales from the current maximum of 2 percent.

Watanabe said, "It is basically a matter that Japan should decide on its own."

"I think (the U.S.) understands that it is extremely difficult (for Japan) to change the 6 percent proposal at this stage," he said. He said the U.S. position is moving toward calling for Japan's stricter enforcement of the Antimonopoly Law through three-tier steps consisting of more suits, more criminal charges, and facilitating damage remedy suits by individual parties.

The two governments have agreed to hold in may the third round of follow-up meetings to the Structural Impediments Initiative (SII) in Tokyo and release a report separately on the progress made so far in the issues designated in the talks, Watanabe said.

On the second day of the two-day meeting, both sides discussed the distribution system and price mechanism on the Japanese side, and investment restrictions, the budged deficit, and other issues as the U.S. side of the problems. Tokyo and Washington also agreed to conduct another joint survey on the difference in prices of goods in the Japanese and overseas markets.

For its part, Japan criticized the U.S. for not acting to encourage the growth of individual and company savings, said Naomichi Suzuki, vice minister for international affairs of the Ministry of International Trade and Industry. Tokyo also pressed the U.S. on its chronic towering budget deficit, which, despite U.S. commitment to reducing it, is actually growing. The U.S. insisted it is making serious efforts to improve the federal budgetary balance sheet, Watanabe said.

MITI Head, UK Counterpart on GATT Talks

OW1701122291 Tokyo KYODO in English 1153 GMT 17 Jan 91

[Text] Tokyo, Jan. 17 KYODO—Japanese and British trade ministers reconfirmed their readiness Thursday to make every effort to bring the deadlocked Uruguay round of multilateral trade talks to a successful conclusion.

Minister of International Trade and Industry Eiichi Nakao and his British counterpart, Peter Lilley, agreed that failure of the global trade talks would severely damage the world economy, nurturing unilateral measures, bilateralism, and regional trade blocs.

The four-year round, sponsored by the General Agreement on Tariffs and Trade (GATT), has become bogged down due to differences on agricultural policies between various nations and trading groups, among them the United States, the European Community (EC), the Cairns Group, South Korea, and Japan.

Toshiba Sets Up Manufacturing Firm in Taiwan

OW1401102091 Tokyo KYODO in English 0805 GMT 14 Jan 91

[Text] Tokyo, Jan. 14 KYODO—Toshiba Corp. said Monday it has set up a new firm in Taiwan to manufacture rotary compressors, the key component used in air conditioners.

The Japanese electronics giant selected Taiwan because of its optimal location for Toshiba's global operations, strong local demand for air conditioners, and the country's highly educated work force, a Toshiba spokesman said.

The new company, called Toshiba Compressor (Taiwan) Co., is capitalized at 1.1 billion Taiwan dollars (40 million U.S. dollars), of which Toshiba owns 67 percent, and is located in the Kuang In Industrial Park, 40 kilometers east of the capital Taipei. Teco Electric and Machinery Co. Group and Taiwan Fluorescent Lamp Co. Group in Taiwan hold the remaining 33 percent in the new firm, the spokesman said.

Rotary compressors remove heat and generate cool air from gas-filled cylinders.

Trial manufacturing is scheduled to start in July 1992, with mass production starting some time afterward, he said.

Production is expected to reach 600,000 rotary compressors in 1994 and will increase to 1.2 million for air conditioners after 1995, the spokesman added.

Center for Japanese Studies Launched in Malaysia

OW1701115791 Tokyo KYODO in English 0957 GMT 17 Jan 91

[Text] Kuala Lumpur, Jan. 17 KYODO—Malaysia's biggest think tank, the Institute of Strategic and International Studies (ISIS), on Thursday inaugurated the Center for Japanese Studies, which is largely funded by Japan's Federation of Economic Organizations (Keidanren).

The center, the only one of its kind in Southeast Asia, will hold lectures and annual conferences, conduct research, and act as an information center on Japan on a wide range of issues, including trade, investment, tourism, defense, and politics, ISIS head Noordin Sopiee said. Keidanren will contribute 120 million yen over four years, about 60 percent of the center's operational costs, he said.

Shinichi Nishio, chairman of the committee on promotion of inter-cultural understanding of Keidanren, said he hoped the project will "promote mutual understanding and establish a good partnership between Malaysia and Japan."

The center was officially launched by the minister in the prime minister's department, Abang Abu Bakar.

Foreign Orders for Ships Hit Seven-Year High

OW1701122091 Tokyo KYODO in English 1204 GMT 17 Jan 91

[Text] Tokyo, Jan. 17 KYODO—Overseas orders for new ships made in Japan in 1990 reached 182 ships totaling 8.65 million gross tons, hitting a seven-year high, the Japan Ship Exporters Association announced Thursday.

The tonnage, the highest since the 9.2 million gross tons registered in 1983, was up 9.5 percent from the previous year.

Officials said Japanese shipyards won foreign orders for 25 very large crude carriers (VLCC), about double the 12 ordered in the previous year. A VLCC is a 200,000 deadweight ton or larger crude oil tanker. Orders for freighters and LNG (liquefied natural gas) tankers were also high.

Since Iraq's invasion and annexation of Kuwait early last August, Japanese shipyards, which already have sufficient orders to keep them busy for a few years to come, have tended to hold back from taking new foreign orders because of the uncertain outlook for costs, the officials said.

If the Gulf war is prolonged, the outlook for shipbuilding costs will become more uncertain, making it more difficult for them to take foreign orders, they said.

Nikkeiren Calls for Smaller Wage Hikes in 1991

OW1701100991 Tokyo KYODO in English 0929 GMT 17 Jan 91

[Text] Tokyo, Jan. 17 KYODO—One of Japan's most powerful management groups, the Japan Federation of Employers Associations (Nikkeiren), on Thursday called for smaller wage hikes in this year's annual wage negotiations.

In a report adopted at a meeting on labor problems, Nikkeiren warned that bigger pay raises would fuel inflation now that economic conditions are changing drastically amid the Gulf crisis and Japan's labor shortage. The report was prepared for the annual wage talks, locally known as "shunto" or spring offensive, which are slated to be completed in April.

Addressing the meeting, Nikkeiren President Eiji Suzuki said that shortening working hours should be given priority in this year's shunto rather than wage hikes because of the danger of inflation.

Wage increases for Japanese workers normally include two components—a "regular" hike based on seniority and other factors, plus a hike agreed upon in the spring negotiations. The regular hike is also subject to the labor-management negotiations.

Suzuki said "pay raises must be held to the regular pay hikes," which Nikkeiren estimates will average 2.5 percent this year. The average wage hike last year, including both the "regular" and negotiated components, was 5.9 percent.

With the United States falling into recession and the Gulf crisis deepening, the report said, management and unions should keep annual pay hikes tied to those in productivity, a theory long propounded by Nikkeiren.

The report underscored the importance of reducing working hours, meanwhile, saying this is necessary to create more leisure time, something needed for a sound and affluent society. The report immediately drew strong criticism from the nation's largest labor group, the Japanese Trade Union Confederation (Rengo), which covers more than eight million workers, or some 65 percent of Japan's organized labor.

Rengo Chairman Akira Yamagishi blasted the report for emphasizing a linkage between productivity and wage hikes to force workers to accept self-restraint in wage demands. Yamagishi argued that bigger pay hikes are needed for sustained economic growth, saying that boosting domestic demand is the only way to keep the economy expanding now that business investment is slowing. "Given the situation that corporate investment is slowing down, the weight of consumer spending is heavy, and it is important to carry out 'aggressive' pay hikes," he said.

Turning to working hours, Yamagishi brushed aside any plans to link a cut in working hours to an increase in wages, saying working hours in Japan are too long compared to those in other industrial nations. "Japan has long been criticized for extraordinarily long working hours. ... We would be able to discuss labor costs if Japan cut its working hours enough to be comparable with those in other industrial nations," he said.

Crude Steel Output Increases in 1990

OW1601063891 Tokyo KYODO in English 0617 GMT 16 Jan 91

[Text] Tokyo, Jan. 16 KYODO—Japan's crude steel output grew in 1990 for the fourth consecutive year, rising 2.2 percent from a year earlier to 110.33 million metric tons, the Japan Iron and Steel Federation said Wednesday.

The volume of annual production was the fifth-largest on record and the first in 10 years to top the 110 million ton level, the federation said in a press release.

The brisk rise was regarded as fresh evidence of strong domestic demand—particularly from the construction and shipbuilding industries—which had encouraged steelmakers to work flat out last year.

Production of ordinary steel jumped 2.2 percent to 90.51 million tons, the highest level since 1980, while that of special-purpose steel, mainly used by automakers, went up 2.5 percent to 19.82 million tons, it said.

In December alone, Japan's steelmakers produced a total of 9.64 million tons of crude steel, up 4.2 percent from a year earlier and 2.6 percent from the previous month, the federation said.

Mongolia

Former Academy of Sciences Chief Rehabilitated

OW1801091991 Ulaanbaatar MONTSAME in Russian 1436 GMT 16 Jan 91

[Text] Ulaanbaatar, 16 Jan (MONTSAME)—According to an UNEN report, a meeting of the MPRP [Mongolian People's Revolutionary Party] Central Committee Presidium reviewed the question of the conclusions and assessments concerning the activities of former MPR [Mongolian People's Republic] Academy of Sciences President B. Shirendeb, that were made in a 1981 resolution of the MPRP Central Committee Politburo.

It was noted at the meeting that adoption of the special resolution on the activities and character of B. Shirendeb in 1981 and the imposition of party punishment measures against him was one of the manifestations of the abuse of official rights by highly placed officials of the time in relation to people that did not suit them in order to politically compromise and condemn them for any variety of reasons.

The MPRP Central Committee Presidium noted the one-sided conclusions and assessments contained in the 1981 MPRP Central Committee Politburo resolution which condemned the activities of B. Shirendeb and recognized the need to reestablish his honor and dignity

New Newspaper Published by MONTSAME

OW1801003191 Ulaanbaatar MONTSAME in Russian 1432 GMT 16 Jan 91

[From the 16 January Mongolian Press Review]

[Text] Ulaanbaatar, 16 Jan (MONTSAME)— The first issue of IL TOBCHOO (Openness) has been published by the MONTSAME News Agency. The paper carries its correspondent's interview with scientist- economists D. Dondog and D. Suh-Erdene on issues connected with the privatization of state property. They explain the government concept of privatization and distribution of shares, and emphasize that this is one of the ways in which to eliminate administrative methods, renew technologies, and develop production.

North Korea

Iraqi Missile Attack Against Israel Reported

SK1801142391 Pyongyang Domestic Service in Korean 1200 GMT 18 Jan 91

[Text] According to news reports, at dawn on 18 January, Israel declared an emergency state of war throughout the nation while the war in the Gulf was becoming fiercer.

After this, Israeli Air Force aircraft are reported to have made sorties and have begun air raids in the western part of Iraq.

Prior to this, Israeli authorities, alleging that Iraq had fired several Scud missiles in such Israeli cities as Tel Aviv, (Kudusu), Haifa, and other regions, babbled that the air raid by the Israeli Air Force aircraft was a retaliatory measure.

In the meantime, U.S. President Bush promised the Israeli prime minister that the United States will powerfully retaliate against Iraq for having attacked Israel with missiles, according to an Israeli radio.

Foreign news reports said that the war in the Gulf was showing a signal of escalation beyond control after Israel and Iraq attacked each other with missiles.

Fierce Ground Battle Reported

SK1701160691 Pyongyang Domestic Service in Korean 1500 GMT 17 Jan 91

[Text] According to news reports, the ground forces of the multinational forces led by the U.S. forces and the Iraqi Armed Forces are engaged in a heavy fighting on 17 January in an area in Saudi Arabia along the border with Kuwait.

On this day, the ground forces of the multinational forces led by the U.S. forces began an attack operation against the Iraqi Armed Forces stationed in Kuwait.

Foreign news reports said that a tank battle is being fought between the ground forces of the multinational forces that have crossed the border and the Iraqi forces.

In a bulletin, the Iraqi Army Headquarters said that the Iraqi Armed Forces stationed in Kuwait were engaged in combat with the enemies and that the Iraqi armed forces were repelling the attack.

In the meantime, Iraqi artillery units opened fire at a crude oil refinery along Saudi Arabia's coast line. Foreign news reports said that an oil tank in the crude oil refinery burned after coming under the artillery attack.

In addition, some Iraqi fighters raided military bases in Tabuk, a city situated in the northern part of Saudi Arabia.

On 17 January, Radio Bagdhad announced that the Iraqi anti-aircraft units downed 14 enemy aircraft during a large-scale air raid by U.S. forces, quoting a bulletin released by the Iraqi Army Headquarters.

The French Defense Ministry also announced that four French fighters had received damage during an air attack inside Kuwait.

Meanwhile, in a televised message to U.S. President Bush on 17 January, Iraqi President Saddam Husayn is reported to have stated: You think that Iraq will kneel down if threatened. Remove your forces and the forces of your allies. This is the only way out for you. Iraq will never surrender.

On this day, the Iraqi Revolutionary Leadership Council denounced the U.S. forces' attack against Iraq in a statement and then declared that Iraq will ultimately beat the United States.

Seoul's Plan To Send Medical Team Denounced

SK1701081291 Pyongyang Domestic Service in Korean 1150 GMT 16 Jan 91

[Commentary by station commentator Kim Kyong-pok: "Treacherous Act To Win Master's Favor"]

[Text] Voices are vigorously resounding throughout the world to oppose the war maneuvers of the U.S. imperialists who deployed aggressive forces to the Gulf area on the pretext of opposing aggression and to demand the peaceful resolution of the Gulf crisis.

At this very time, the South Korean puppets, in tune with with the U.S. imperialists, began to actively participate in their war maneuvers, thus fully revealing themselves as ugly colonial stooges of the U.S. imperialists.

Complying with the U.S. imperialists' request, the No Tae-u puppet group decided to dispatch a 154 member military medical support group to the Gulf area and announced this decision. Holding a conference between the administration and the Democratic Liberal Party on so-called defense affairs on 15 January, the No Tae-u group conspired to pass a bill on the dispatch of a military medical team during the extraordinary session of the National Assembly.

On 14 January, the No Tae-u group dispatched a 26-member inspection team in advance of the military medical support group to Saudi Arabia by special airplane.

It was also learned that the No Tae-u group formulated a special compensation bill stipulating payment of compensation amounting to 48 times their monthly salary to soldiers killed in action in the Gulf area, the same as when troops were dispatched to Vietnam.

Besides, the puppet police headquarters handed out an order to the police in South Korea to intensify the security around U.S. organizations including the U.S. bases in South Korea and the U.S. Embassy and to strengthen joint patrol of Itaewon, Seoul, where U.S. soldiers and employees frequently visit, and places around U.S. army units. The police headquarters also ordered thoroughgoing checks and searches of ports and the offices of public organizations.

On 14 January, the puppet police indiscriminately arrested nine university students from the Seoul Area Federation of University Student Representatives who staged a street rally in an effort to deliver a letter of protest to the U.S. Embassy opposing the dispatch of the puppet military medical support team to the Persian Gulf.

Such an act perpetrated by the No Tae-u group is being carried out not on the basis of any principle or cool calculation but from a desire to blindly follow the request of U.S. masters and not to refuse anything in order to (?protect) the U.S. imperialists' aggressive interests.

Therefore, the opposition parties unanimously raised voices of opposing the puppets' plan to dispatch a military medical support team and people from all walks of life strongly held that this plan should be canceled because it was decided according to the U.S. pressure and will incur enormous loss of human lives and economic burdens.

Despite this, the puppets, ignoring national interests, are hastening to offer the fellow countrymen as victims of the imperialists' war of aggression, and repressed the people's act of protest against this plan.

An official of the puppet Defense Ministry raved that through sending a military medical team to the multinational forces, the existing security cooperative relations with the United States will be strengthened and that more chances will be provided for receiving support from so-called allied countries when a war breaks out on the Korean peninsula. This shows the rascals' true intention.

In other words, by supporting the aggressive act of their U.S. imperialist masters in the Gulf area, the puppets are attempting to win the favor and protection of their masters and to obtain more support from the U.S. imperialists and their allied countries when they provoke a northward war of aggression.

What an atrocious group of traitors they are! In the 1960's, with the dispatch of a medical team as the beginning, the puppets dispatched combat troops of the puppet army on a large scale to the site of the U.S. imperialists' war of aggression on Vietnam. Such a disgraceful criminal history may be repeated in the Gulf war.

The puppet defense minister raved that in the event the Gulf situation is aggravated and the United States strongly requests it, the issue of dispatching combat troops may be reviewed. In a so-called joint meeting between the government and the party, the puppets ambiguously raved that a discussion of dispatching combat troops at this point is not necessary. This is merely a drama designed to appease the fierce criticism of public opinion.

Reality stresses that the South Korean people, who treasure peace and national dignity and national interests, should wage a more tenacious mass struggle to check the puppets' plan to dispatch troops to the Gulf area.

If the puppets, rejecting the people's will, continue to follow the U.S. imperialists' policy of war and reckless action, they will be made to pay dearly.

Team Compensation Plan Denounced

SK1701060691 Pyongyang KCNA in English 0439 GMT 17 Jan 91

["Treacherous Scheme To Drive Out Young People as Cannon Fodder"—KCNA headline]

[Text] Pyongyang January 17 (KCNA)—The South Korean authorities who have confirmed the decision to send "a military medical team" to the Gulf region, joining in the U.S. imperialist masters' moves of aggression, have inaugurated a "special compensation" for "the war dead," according to a radio report from Seoul January 14.

They advertise that the officers and men killed in the Gulf region would be paid "compensation money" four times as much as that at the time of the Vietnam war.

South Korean People are now angered at this treacherous act of the authorities who estimate the lives of innocent young people in terms of money while driving out them to battlefields of death as cannon fodder of U.S. imperialism.

South Naval Vessels Reportedly Infiltrate

SK1801084391 Pyongyang Domestic Service in Korean 0700 GMT 18 Jan 91

[Text] The South Korean puppets committed a grave military provocation by illegally infiltrating a group of their warships deep into the territorial waters of our side in the West Sea.

The South Korean puppets today committed a grave military provocation by illegally infiltrating three warships deep into the territorial waters of our side. At around 1012 today, the South Korean puppets infiltrated one warship, which was harbored in Taechong Island, into the territorial waters of our side in the West Sea west of the Ongjin peninsula for the purpose of waging a hostile act against our side. Then, at around 1025, they again committed a crime of suddenly and illegally infiltrating two warships deep into the territorial waters of our side in the West Sea from the direction of Taechong Island.

The patrol boat of the Navy of the Korean People's Army [KPA], which was undergoing the normal duty of guarding the sea, defending with vigilance the sea guardpost of the socialist fatherland, was dispatched at once to the location. With their criminal scheme frustrated by the arrival of the KPA Navy patrol boat, they hurriedly escaped toward Taechong Island.

The South Korean puppets' act of intruding warships, which was openly committed in broad daylight, is their intentional and deliberate provocative maneuver for further aggravating the continuous tensions on the Korean peninsula because of the new war provocation maneuvers by the U.S. imperialists and the South Korean puppets.

We cannot help regarding all the more gravely this act of military provocation which was committed at the same time the South Korean puppets are staging commotions, issuing emergency mobilization orders to the entire South Korean area, abusing us and linking us to the grave situation created in the Gulf area by the U.S. imperialists' armed invasion. Our people and the KPA soldiers are now keenly watching the new war provocation maneuvers of the U.S. imperialists and the South Korean puppets with high revolutionary vigilance. The South Korean puppets should squarely see the grave situation and should not recklessly run wild.

South Criticized for 'Priority of Exchange' Stand

SK1301105691 Pyongyang KCNA in English 1030 GMT 13 Jan 91

["'Priority of Exchange' Is Anti-Peace Argument"—KCNA headline]

[Text] Pyongyang January 13 (KCNA)—The South Korean authorities are trying to cover up their anti-peace attitude of turning away from the question of removing military confrontation with their deceptive argument over "priority of exchange," but it is a miscalculation, says NODONG SINMUN today in a by-lined article entitled "'Priority of Exchange' Is Anti-Peace Argument."

The article quotes the great leader Comrade Kim Il-song as saying:

"Evading the settlement of the military question and insisting only on exchange in the situation of our country where there is a real danger of war, is in fact tantamount to wishing no peace, no normal visit or no exchange itself.

The article reads in part:

The South Korean authorities referred to their "priority of exchange" formula as a key to removing distrust between the North and South when they came up with it. This does not hold water.

Distrust between the North and South cannot be attributed to the failure of such "humanitarian question" like hometown visits or "exchange" and, even if they were carried into effect, they would not go a long way to dispelling distrust.

The root cause of distrust between them is political and military confrontation. Without peace it is impossible to remove the deep-rooted distrust. But for the consciousness of the other threatening to conquer one and the practical acute hostile confrontation a thick wall of distrust between the North and South would not have been built up.

Should the North and South have exchange, they must throw away the daggers hidden in the bosoms and dispel the fear of invasion from the South or "invasion from the North."

Evadimg the settlement of the military question and insisting only on exchange is as good as wishing no peace, no normal visit or no exchange itself.

What matters here is the fact that the South Korean authorities are extensively increasing their armaments behind the scene, while talking about "priority of exchange."

The South Korean authorities must opt to take practical measures for peace, instead of merely paying lip-service to "peace" and "cessation of the cold war."

They must not try to ignore or delay any longer the settlement of the question of removing military confrontation, but accede without delay to adopting a nonaggression declaration which will be a starting-point in confidence-building between the North and South.

South Citizens Reportedly Respond to Kim Speech

SK1201120591 Pyongyang KCNA in English 1026 GMT 12 Jan 91

[Text] Pyongyang January 12 (KCNA)—The new proposal for national reunification put forward by the great leader President Kim Il-song in his New Year address for this year has evoked great repercussions upon South Korean people, according to Radio Voice of National Salvation.

Professor Yi at Seoul National University said:

The New Year address of the great President Kim Il-song this year is a reunification political science of chuche which specifies the peaceful precondition for national reunification and the way and method of national reunification with an irrefutable logic.

The new proposal for national reunification expounded by President Kim Il-song in his New Year address is the best one that would hasten unification under the present condition facing our nation.

I am convinced that reunification will certainly be achieved in the next few years if it is done as elucidated by the great President Kim Il-song.

A newspaper reporter Yun in Pusan said:

The New Year address of the great President Kim Il-song this year more powerfully arouses people in the South to the sacred cause of unification.

President Kim Il-song exposed the anti-reunification plot of the authorities of the South by analyzing the anti-reunification argument with the reunification logic of chuche in his New Year address.

People in the South now see more clearly who really wants peaceful reunification and who pursues division.

The New Year address of President Kim Il-song will be a great turning point in our people's movement for reunification.

A teacher Han at a primary school in Seoul stressed:

President Kim Il-song said in his New Year address that under the situation where two different systems exist in the North and South, national reunification should be realized by establishing a confederation based on one nation, one state, two systems and two governments, on the principle of neither side conquering the other or being conquered by the other.

This is the great principle of defining the method of national reunification most correctly reflecting the present situation of our country.

This great principle is the only and just principle of reunification which would block the prolongatiom of the country's division, help reunify the country peacefully and enable the North and the South to co-exist in a unified state.

Gorbachev Appeals to Baltic Republic Leaders

SK1801051591 Pyongyang Domestic Service in Korean 1300 GMT 17 Jan 91

[Text] According to a report from the TASS News Agency, Soviet President Mikhail Gorbachev delivered a speech on the situation of the Baltic Republics at the Supreme Soviet session on 15 January and appealed for the leaders of the Baltic republics to stop denouncing the union's leadership and to cancel the decisions that would infringe on human rights. In particular, he said that the present sharp situation in Latvia had resulted from the adoption of illegal documents that infringe upon the basic interest of workers, soldiers, and farmers. As a result, he said, the persons who are on active duty in the Soviet Army in the republics neither can find jobs nor register for residence. He also said: The central government and republics should jointly act in accordance with the law and try to protect the people's safety. The leaders in the Baltic republics expressed their current need for a dialogue, but they did not participate in the Federal Council works. Chairman of the Latvian Supreme Soviet regarded their all-out efforts to achieve dialogue as interference in internal affairs of the Latvian independent state.

Denouncing chairman of Russian Supreme Soviet Boris Yeltsin's remarks on the need for formation of the Russian Army, the president emphasized that his remarks itself had been a most violent breach against the Constitution of the USSR.

He said that this is not only a challenge to the supreme ruling organization of the USSR but also a factor in an attempt to escalate confrontation in the strained situation of the country. Continually, he emphasized the need to hastily carry out a plan on retrieving the arms which were illegally kept, thus opposing the formation of arms units which were not stipulated in the Soviet presidential decree and its law issued last year.

Soviet Official Quoted on Military Relations

SK1801055491 Pyongyang Domestic Service in Korean 0447 GMT 18 Jan 91

[Text] Pyongyang January 18 (KCNA)—K. Kochetov, first vice-minister of defense of the Soviet Union, who had visited Korea leading a military delegation of the Soviet Union emphasized at a press conference that meetings and conversations with the leading military officials of the Korean People's Army held during the visit show that it is necessary to develop the friendship and cooperation between the armies of the DPRK and the Soviet Union in the future, too, TASS reported on January 16.

He said:

The Soviet soldiers as well as all the Soviet people cherish sincere feelings of solidarity, good impression and friendship for the people and Army of the DPRK.

This friendship which was formed in the joint struggle against the Japanese occupationists during the Second World War and consolidated during the 1950-1953 Fatherland Liberation War of Korea fully accords with the interests of the peoples of the Soviet Union and the DPRK and is a main factor in maintaining peace in the Far East.

Strong discipline of the Korean People's Army soldiers and their training and decent looks gave us good impressions, he said.

Soviet Denunciation of U.S. 'Interferences' Noted

SK1701121691 Pyongyang Domestic Service in Korean 2100 GMT 16 Jan 91

[Text] According to a TASS report, the Soviet Union denounced the interference by the United States in connection with the recent Lithuanian situation. During the 15 January news interview, Vitaliy Churkin, chief of the Soviet Foreign Ministry Information Administration Department, said that Soviet leadership is seriously trying to find ways to politically resolve the Lithuanian situation and that the Soviet Union expects that the outside world will act with prudence based on the constructive and objective analysis of facts and will not gravely aggravate the situation. Referring to the U.S. Administration's reaction to the issue of sending military units to Lithuania to help military mobilization units recruit people for the Soviet Armed Forces, in the 11 January news interview, he said that some hasty remarks from abroad will cause misunderstanding and aggravate the situation, instead of assisting this work. He also said that at a time when the Soviet leadership was mapping out measures to guarantee national security, oher countries must assume an especially prudent, balanced, and serious attitude over circumstances that are taking place in the Soviet Union and warned that loud rhetoric may bring unpleasant consequences.

In the meantime, commenting on the 8 January statement by White House Spokesman Fitzwater, Major General Valeriy Manilov, chief of the Soviet Defense Ministry Information Department, said that his remarks that Soviet troops were deployed to Moldavia, Georgia, Armenia, the Ukraine, and Baltic Republics are not true and that a few airborne units of the Soviet Armed Forces were additionally deployed to help recruiting in Lithuania.

In commenting on this statement, on 9 January, TASS pointed out that this surely is an attempt to interfere in internal Soviet affairs. Referring to the fact that the White House spokesman denounced additional measures—that the Defense Ministry took to carry out the order by the Soviet president—as provocative and unproductive, the news agency asked why he tried to add fuel to the fire at a time when the situation inside the Union is complicated even without it. The news agency pointed out that the statement by the White House spokesman is surely an open interference in the internal affairs of the Soviet state.

During the 15 January speech to a session of the Soviet Supreme Soviet, referring to foreign reaction to the Lithuanian situation, Aleksandr Bessmertnykh, new Soviet foreign minister, expressed regret over attempts to use circumstances taking place in our country in opposing the Soviet Union. He said that what is important now is for the statesmen of big countries to carry out prudent policies and that we will consequently solve our problems irrespective of how someone else may react to them. He stressed that the Soviet Union will in no way bargain over its dignity and honor and the interests of its people.

Daily Warns of 'Imperialists' Aggressive' Nature

SK1801105191 Pyongyang KCNA in English 1000 GMT 18 Jan 91

["Imperialists' Aggressive and Predatory Nature Aims Unchanged"—KCNA headline]

[Text] Pyongyang January 18 (KCNA)—Only when the world revolutionary people further intensify the anti-imperialist struggle, looking straight at the imperialists' aggressive and predatory nature, is it possible to ensure world peace and security and accomplish the human cause of independence, says NODONG SINMUN in a by-lined article today.

The article quotes the great leader Comrade Kim Il-song as saying:

"The reality shows us that the aggressive predatory nature of imperialism has not changed at all and that it is imperialism and none other that is the ringleader who is menacing peace and creating difficulties and confusion in the people's struggle for independence, sovereignty and socialism."

The article notes:

Aggression and plunder emanate from the very nature of imperialism and they are an essential criterion which characterizes its true color and reactionary nature.

The imperialists' aggressive and predatory nature will never change because it is their intrinsic attribute.

For the reactionary and anti-popular character of the social system, imperialism is impelled take the road of aggression and plunder. Imperialism is the last exploiter system in the history of mankind that most wantonly tramples upon the aspiration and demand of the popular masses for independence and it is the most truculent repressive system which combines class domination with nationl oppression.

The more acute crisis imperialism faces, the more aggressive and predatory imperialism becomes and the more desperate it gets in its bid for existence.

The aggressive and predatory nature of the imperialists is fully illustrated by the fact that they are more openly seeking the wild design to expand the sphere of their domination worldwide.

They are scaling up nuclear arms buildup and belligerent moves under the guise of "disarmament" and "peace".

The U.S. imperialists who had been dreaming of domination over the Middle East, unleashed a war against Iraq after massing huge armed forces in the Gulf region and militarily threatening and blackmailing it.

The imperialists are pursuing the strategy of "peaceful transition" aimed at bringing socialist countries into the sphere of their political and economic domination by undermining them from within and swaying them back to the path of capitalism. It fully shows that there is no change in their aggressive and predatory nature and if there is something that changed, it is not their nature but the method of aggression which has become more crafty.

The imperialists have freely helped themselves to the wealth of developing countries with the old international order as a lever and, in the name of "aid" and "cooperation", are trying to force the independent developing countries to reorganize their political and economic system to facilitate their domination.

The imperialists are racing headlong to a war, while clamouring about the end of the cold war and the advent of an era of peace. They do not hesitate to invade sovereign states under the plea of "restoration of democratic order" and "anti-terrorism" and engage themselves in a new aggression of larger scale under the pretext of opposing aggression. This concentrically reveals their unchanging aggressive and predatory nature.

U.S. Urged To 'Withdraw Troops' From Peninsula

SK1701153791 Pyongyang KCNA in English 1503 GMT 17 Jan 91

["The U.S. Must Withdraw Troops and Nuclear Weapons From South Korea"—KCNA headline]

[Text] Pyongyang January 17 (KCNA)—If the United States are interested in peace of Korea, it must take such practical steps as pulling out its forces and nuclear weapons from South Korea, says NODONG SINMUN in a by-lined article today.

The article quotes the great leader Comrade Kim Il-song as saying:

"If the military confrontation between the North and South is removed and if the U.S. troops and nuclear weapons are withdrawn from South Korea, durable peace will be ensured in our country, and a decisively favourable phase will be opened for reunifying the country in a peaceful way."

If durable peace is to be ensured in our country and a decisively favorable phase opened for reunifying the country in a peaceful way, the U.S. forces and nuclear weapons must be withdrawn from South Korea.

The U.S. imperialists' occupation of South Korea is the main factor of the heightening military tension and the increasing danger of war in Korea.

They attach weighty importance to the Asia-Pacific region, particularly to South Korea in realising their wild design for world supremacy. The main purpose they are now seeking in the Asia-Pacific region is to contain the socialist forces by strength and put the region under their control and domination. To this end they regard South Korea contiguous to the Asian continent geographically, as "a main strongpoint".

As long as the U.S. forces stay in South Korea and the U.S. imperialists' policy of aggression continues there, it is impossible to ease tension and ensure peace in Korea.

A lasting peace can be ensured on the Korean peninsula only when the U.S. forces and nuclear weapons are withdrawn from South Korea.

If the pullout is made and the Korean peninsula turned into a nuclear-free, peace zone a new phase will be opened for peace and reunification of Korea. And it will be conducive to preserving peace in Asia and the rest of the world.

Today the abolition of foreign military bases and the withdrawal of foreign troops have become a trend of the times and the U.S. authorities themselves are calling for the pullout of foreign forces from disputed zones. Under this condition, they find no reason to refuse the withdrawal of their forces and nuclear weapons from South Korea.

The earlier the withdrawal of the U.S. forces from South Korea, the quicker the reunification of Korea. And it will be welcomed by the Korean people and the world peaceloving people.

Kim Receives Messages From Foreign Leaders

SK1601045991 Pyongyang KCNA in English 0417 GMT 16 Jan 91

[Text] Pyongyang January 16 (KCNA)—Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, received messages of greetings on the new year 1991 from El Hadj Omar Bongo, president of the Gabonese Republic; John George Melvin Compton, prime minister of Saint Lucia; Maktum Bin Rashid al-Maktum, vice-president and premier of the United Arab Emirates; Santiago Carrillo, chairman of the Central Committee of the Spanish Workers' Party; Eric Trevett, general secretary of the Central Committee of the new Communist Party of Great Britain; and Jose Francisco Aguilar Bulgarelli, general secretary of the Popular Force organized in Costa Rica.

They warmly congratulated President Kim Il-song on the New Year and wished him good health and long life.

KCNA Reviews 18 Jan Pyongyang Press

SK1801062591 Pyongyang KCNA in English 0457 GMT 18 Jan 91

[Text] Pyongyang January 18 (KCNA)—Papers here today print a message of condolence sent by President Kim Il-song of the Democratic People's Republic of Korea to Yasir 'Arafat, president of the State of Palestine and chairman of the Executive Committee of the Palestine Liberation Organization, on the death of Abu Iyyad and Abou al Hol [as received], members of the Central Committee of the Palestine national liberation movement.

Papers report that Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, exchanged New Year's cards with foreign party and state leaders.

NODONG SINMUN reports that dear Comrade Kim Chong-il's works were studied and disseminated in different countries.

The daily devotes nearly one whole page to an editorial article entitled "Our Intellectuals Are Permanent Companions of the Party."

MINJU CHOSON informs the readers that the DPRK Central People's Committee adopted a resolution on improving economic work in South Hwanghae Province.

NODONG SINMUN editorially calls for acquiring more thoroughly the revolutionary habit of work and life and MINJU CHOSON for radically increasing the production of irons and steels.

Papers report innovations in the production of ores, irons and steels and in new year's farming preparations.

Premier of the Administration Council Yon Hyong-muk sent a message of greetings to V.S. Pavlov on his assumption of heavy responsibility as chairman of the Council of Ministers of the USSR, according to the press.

Papers report that the national art circle festival of agricultural working people ended and Korean senior officials visited the embassy of the State of Palestine to express condolences.

The secretary general of the National Executive Committee of the American Popular Revolutionary Alliance of Peru met the DPRK ambassador, says NODONG SINMUN.

Printed in papers is a telephone message sent by Yang Hyong-sop, chairman of the parliamentary group of the DPRK, to the chairman of the South Korean parliamentary group to the inter-parliamentary union, notifying him that we would receive a letter of the South side regarding the 85th Inter-Parliamentary Conference slated for April in Pyongyang.

Papers report that South Korea's religious circles demanded the release of the South side delegates to the Berlin tripartite working talks of "Pomminnyon" and scandals of the "Democratic Liberal Party" are brought to light one after another on the threshold of "local assembly elections" in South Korea.

NODONG SINMUN comes out with an article titled "North and South Can Coexist in Unified State" and MINJU CHOSON an article headlined "'Priority to Confidence Building' Is Deceptive Slogan."

Under the bannerlines "Korea Must Be Reunified by Means of Confederation" and "Most Just Reunification Proposal Conforming to Conditions of Korea and Demands of Times" papers convey voices of world political and public circles supporting our new proposal for national reunification.

Papers devote much space to the start of war in the Gulf. It is reported in the press that the U.S. imperialists started attack on Iraq, the Iraqi president called on his people to smash the aggression and the Iraqi troops are fighting a fierce battle to repel the attack. Seen in the press is the reaction of the world to the Gulf war: Fidel Castro denounced the United States for attacking Iraq, and the spokesman of the Chinese Foreign Ministry issued a statement.

The Soviet president in his speech at a session of the Supreme Soviet of the USSR called on the leaders of the Baltic republics to stop criticizing the leadership of the union and cancel the resolutions violating human rights, and the situation is being aggravated in the Baltic republics, report papers.

Papers inform the readers that the Romanian president visited China, the Ethiopian president mentioned the development of public health in the country, the Angolan president denounced the South African authorities for instigating the UNITA [National Union for the Total Liberation of Angola] counterrevolutionary bandits and the opening function to celebrate the 700th anniversary of the foundation of the Swiss Confederation was held.

NODONG SINMUN introduces successes in economic construction in Iran, India and Sri Lanka.

The paper runs an article entitled "Invariable Aggressive and Predatory Nature of Imperialism."

Developing Major Economic Domains Stressed

SK1501115491 Pyongyang Domestic Service in Korean 0007 GMT 12 Jan 90

[NODONG SINMUN 12 January editorial: "Let Us Firmly Give Priority to Mining Industry, Power Industry, and Railway Transportation"]

[Text] The great leader Comrade Kim Il-song's New Year address is a militant program to which we should firmly adhere for causing the superiority of our country by vigorously accelerating socialist construction in keeping with the current situation and demand of our revolutionary development.

Now all the party members and working people of the country, filled with new confidence and fighting spirit in hearty response to the great leader Comrade Kim il-song's New Year address, vigorously turn out to struggle to effect a more victory in socialist economic construction.

We should vigorously struggle to give higher priority to the major domains of the national economy, upholding the great leader Comrade Kim Il-song's New Year address. By so doing, we should once again bring about a new turn in the overall economic construction.

The great leader Comrade Kim Il-song has taught: This year we should firmly give priority to mining industry, power industry, and railway transportation, and put great efforts into development of the metal industry, thus we should create an innovation in these sectors.

It is one of our important tasks in socialist economic construction to firmly give priority to the major domains of the national economy. The major domain is the sector which should be more accelerated than any other sector in the national economy. In other words, the major domain does not just mean mining and power industries which produce raw materials, fuels, and power, but also the transportation sector which transports produced raw materials, fuels, facilities, and equipment.

As the great leader Comrade Kim Il-song has taught: The mining industry is the first process for production. And, the power industry is an important domain of the national economy, which produces and guarantees electricity, that is, basic power for production. Railway transportation is the national artery linking production and consumption, because it is in the forefront of the national economy.

Without development in mining industry, power industry, and railway transportation, the development of overall industry sectors—such as machine industry, chemical industry, and light industry—key construction, and the improvement of people's living standards are inconceivable.

Accordingly, our party developed industry by means of national resources and raw materials in our country based on the line of self-reliant national economy. In particular, our party has given priority to the development of the mining industry, power industry, and railway transportation. As a result, mining industry, power industry, railway transportation have been more firmly developed than any other sector.

Within the shortest period of time, we have successfully achieved the historical task of industrialization, and have secured a firm foundation for self-reliant national economy. This is because we rapidly developed major sectors under the wise leadership of the party and the leader, and because we have more firmly accelerated these sectors than any other sector.

The production capability and transportation capability, which our party have secured through self-reliance and fortitude under the leadership of the party, are very powerful. They are a reliable guarantee for overall national economic development.

Now we stage a great construction struggle which is historically unprecedented in its scale and speed. To brilliantly carry out this year's national economic assignments in hearty response to the party's militant call and to bring about the superiority of our country's socialism once again, we should create an innovation in mining industry, power industry, and railway transportation, which are major sectors in overall national economic development.

By so doing, we can more properly carry out the work of further strengthening the might of our self-reliant national economy by normalizing production at a high level through effective use of already-secured economic foundation, and the work of improving the material and cultural life of the people as required by socialism.

And, the question of properly carrying out enterprise management as required by the Taean work system in all areas of the national economy greatly depends on the question of rapidly developing major domains.

Only when the major domains are firmly developed, can raw materials, fuels, power, and transportation be more properly guaranteed according to a plan and contract. As a result, overall economic work can constantly be carried out.

Functionaries and the working people in major domains should more vigorously struggle to firmly give priority to producing coal, minerals, and electricity, and to guaranteeing railway transportation, upholding the great leader Comrade Kim Il-song's New Year address. In order to rapidly develop the major domains, functionaries should, above all, acquire a correct standpoint toward the major domains, and give priority to them.

There is no domain and unit in the national economy, which are not in need of raw materials, fuels, and power. In addition, all domains, units, and people depend on railway transportation. Therefore, firmly giving priority to the major domains is honorable work for all domains and units of the national economy. For this reason, the major domains' work should be carried out by all functionaries who are responsible for production and construction.

Cherishing deep in their minds the fact that only when the major domains are firmly developed, can work in their own domains and units be more properly carried out and can the work of overall socialist construction be vigorously promoted, functionaries of all domains and units of the national economy should give priority to the mining industry, power industry, and railway transportation, and settle issues in a revolutionary manner.

In particular, functionaries in the Administration Council, committees, and ministries concerned should unshakably take the stand of party and state; map out a positive plan to develop the major domains; and concentrate investment in these areas.

In order to create an innovation in the major domains, functionaries and the working people in the major domains should take a responsible attitude in a manner worthy of masters, and should set up the ethos of carrying out assigned tasks without fail.

The socialist society where noble collectivism is based on a social life can be developed when various domains support and help each other. However, masters are in any case functionaries and the working people of the domains concerned. Only when masters fulfill their responsibility and duty as masters can their support to other domains effect a great success.

Functionaries and working people in the fields of mining industry, power industry, and railway transportation should have high consciousness of taking responsibility for developing the major domains, and should positively make efforts to blaze a future road with their own strength and technology.

Great are the production foundation and material and technological foundation, which have been secured in the domains of the mining industry, power industry, and railway transportation under the wise leadership of the party. Functionaries and the working people in the domains of mining industry, power industry, and railway transportation should epoch-makingly increase the production of coal, mineral, and electricity based on already-secured facilities and existing production foundation, and should stage a struggle, with a focus on guaranteeing transportation.

Along with this, the domains of mining industry should give priority to stripping and tunneling mines, and should steadily press ahead with the work of further exploiting a new coal mine; of expanding the capability of a mine; of generally mechanizing and modernizing tunneling work; and of making tunneling work large- scale.

The domains of the power industry should more properly manage electricity facilities and epoch-makingly increase electricity production by effectively using coal and water. In addition, they should vigorously accelerate construction of a new power station.

The domains of railway transportation should more thoroughly set up discipline and systems, carry out transportation organization in detail, and put great effort into the production of heavy-duty goods, and wagon and electric locomotives.

Scientists and technicians are assigned the heavy duty of firmly developing the major domains. Scientists and technicians in the of mining industry, power industry, and railway transportation should take a firm chuche-oriented stand and positively settle scientific and technological problems in increasing production and transportation and in improving and repairing facilities.

Scientists and technicians should play primary roles in further strengthening creative cooperation with producers and in vigorously kindling the flames of mass movement for technological innovation.

The question of firmly developing major domains greatly depends upon the roles of related domains. Now our party requires the entire party, the whole country, and all the people to rally to vigorously support the mining industry, power industry, and railway transportation. The organizations of the League of the Socialist Working Youth of Korea throughout the country, in hearty response to the party's call, have positively supported the major domains, including Komdok, thereby effecting a great success.

Cherishing deep in their minds the fact that only when related domains positively support facilities, materials, labor, and equipment, can the development of the major domains be further carried out, functionaries and the working people in all domains and all units of the national economy should primarily produce and guarantee linked facilities and equipment in a timely manner.

In particular, the fields of machine industry should produce better modern various tunneling facilities, power facilities, and transportation facilities, and should provide them for those related domains at a timely manner.

Those domains concerned should further strengthen the work of supporting the mining industry, power industry, and railway transportation with materials, technology, and labor. The reality, in which the development of the major domains is an urgent task, requires that the party organizations pay more attention to the major domains.

The party organizations at every level in all fields of the national economy should continue to explain and inculcate among the economic functionaries and working people the meaning and importance of the great leader Comrade Kim Il-song's teaching on firmly developing the major domains and on giving priority to the major domains. Thereby, the party organizations at every level should lead the economic functionaries and the working people to vigorously rally to carry out the major domains with a strong sense of responsibility.

In addition, the party organizations at every level should lead functionaries to attach priority importance to the major domains, to organize and guide works, and settle questions in a responsible manner.

Firmly developing the major domains is honorable work to further glorify the proud tradition of our heroic people who have constructed socialism with the revolutionary spirit of self-reliance and fortitude under the party's leadership.

Let us all party members and working people, in hearty response to the party's call, "Let Us Live Like A Hero and Struggle," brilliantly carry out this year's assignments of the national economy and once again vigorously demonstrate the honor of the chuche Korea, by creating an innovation in firmly developing mining industry, power industry, and railway transportation.

Kim Il-song Views Disabled Soldiers' Art Troupe

SK1501042091 Pyongyang KCNA in English 1502 GMT 14 Jan 91

[Text] Pyongyang January 14 (KCNA)—Members of art circles of disabled soldiers from all parts of the country gave performances at the 6,000-seat theater of the February 8 House of Culture and other halls and the construction site of Tongil Street and at People's Army units in Pyongyang, the capital of the DPRK.

The great leader President Kim Il-song saw their performance at the February 8 House of Culture on December 6 last year, highly praised it and had a picture taken with the performers.

They performed 48 times before a total of 132,000 people including 1,800 foreigners, deeply impressing the audiences. It was also broadcast over television, attracting the attention of many viewers.

The performance showed part of the happy life of the wounded veterans who fought for the party and the leader, the motherland and the people at the cost of blood during the Fatherland Liberation War (June 1950-July 1953) and keep the flowers of revolution still in bloom and lead a worthwhile life today.

In the opening scene "We are here with songs of loyalty," Twice Hero of the Republic Yi Myon-sok, Heroes of the Republic Kang Chae-pong and Cho Chong-tae, Labour Heroes Kim Su-hak (manager of the Wonsan disabled soldiers plastic goods factory) and Chong Hui- chol (manager of the Hamhung disabled soldiers plastic goods factory) and other performers emotionally sang of the ardent loyalty and filial duty of the disabled soldiers to the party and the leader.

The songs and tales "We Live an Optimistic Life," "The Flower Will Continue To Bloom Generation After Generation" and "Singing the Song of Struggle Still Today" and other pieces showed well the worthwhile labour and optimistic life of disabled soldiers and their families who work today as they performed feats in the past.

Notably, poet Kim Si-kwon, who is also a disabled soldier, in the real story "My Wish" earnestly sang of the benevolent affection of the great leader and dear Comrade Kim Chong-il who arranged a wedding for him, an ordinary soldier, and sent gifts for his 60th birthday table dozens of years later. He made a deep bow for the long life and good health of the leader, saying that thanks to our leader, our party and our system, he had confidently lived a worthy life in bed composing revolutionary poems for more than 40 years, unable to move.

The real story "Let the Flag of the Republic Fly High" impressively showed the looks of the Korean people courageously advancing under the banner of socialism, single-heartedly united behind the party and the leader.

The performance deeply moved the audiences as it vividly reflected the deep favours bestowed by President Kim Il-song and Comrade Kim Chong-il on the disabled soldiers and the ardent loyalty of the disabled soldiers who keep the flower of revolution in bloom generation after generation.

Kim Il-song Works Published in Foreign Languages

SK1601050391 Pyongyang KCNA in English 0440 GMT 16 Jan 91

[Text] Pyongyang January 16 (KCNA)—The foreign languages press group recently brought out "Kim Il-song's Works" Vol. 36 in Russian, Chinese, Japanese, English, French, Spanish, Arabic and German.

Contained in it are 33 immortal classical works including speeches, concluding speeches and talks delivered by the great leader President Kim Il-song from January to December 1981.

In his works including "let us uphold independence" and "answers to the questions raised by editor-in-chief of the Ghana Times, organ of the government of Ghana," President Kim Il-song clearly expounds that the chuche idea gives a scientific and revolutionary world outlook indicating a correct way of shaping man's destiny, and the demand of the chuche idea, the importance of adherence to the independent stand and creative attitude in the revolution and construction, and questions of principle arising in displaying independence and creativity.

Tasks facing the working class and youth in accomplishing the revolutionary cause of chuche are set out in his works "the working class should become the pivotal force in the struggle for modelling the whole of society on the chuche idea" and "the youth should be dependable heirs to the revolutionary cause of chuche."

The book contains classical works which give scientific answers to all the questions of effecting a new upsurge in socialist economic construction.

Notably, the work "Let us thoroughly implement the Taean work system and improve the management of factories" raises such questions as increasing the role of factory party committees, enhancing the responsibility and role of economic guidance workers and effectively controlling equipment, materials, manpower and finance and regularizing and standardizing enterprise management.

Edited in the works are historical works which give lucid answers to theoretical and practical questions arising in the revolution and construction including the questions of realizing the independent and peaceful reunification of the country, further expanding and strengthening the non-aligned movement and making the whole world independent.

Chuche Idea Cited for Victory of Socialism

SK1501112491 Pyongyang KCNA in English 1025 GMT 15 Jan 91

["The Chuche Idea Is Life and Soul of Our Part, and Source of its Militancy"—KCNA headline]

[Text] Pyongyang January 15 (KCNA)—The chuche idea is the great ideological banner which enables our party to have the life and soul as a revolutionary party of chuche type and unconquerable militancy, stresses NODONG SINMUN today in a by-lined article.

The reality today when our party has been strengthened and developed into an invincible revolutionary party and our cause of socialism has won victory after victory clearly proves how just it is that we have established chuche as demanded by the chuche idea, it notes.

It quotes the great leader Comrade Kim Il-song as saying:

"The chuche idea the lifeblood of our party and the source of matchless attraction and fighting efficiency."

The article reads in part:

Today our party is leading the socialist cause of our people to victory with high dignity and invincible militancy as a revolutionary party of chuche type. This is because our party has been built and strengthened and developed with the chuche idea, the most correct guiding ideology of party building and party activities of the working class of our era, as its guideline.

The chuche idea is the only guiding ideology of our party and the source of life and soul of our party, a party of chuche type, and its militancy.

Built and guided by the chuche idea, our party has been able to become an ever-victorious party with a most solid foundation, peculiar history of development, great feats and precious experience.

The chuche idea is the life and soul of our party because, above all else, on the strength of this idea our party has maintained its character as a new-type revolutionary party of the working class of our era, a party of chuche type.

As our party takes the chuche idea, the thoroughgoing idea of independence as its guideline, it has carried on all its activities to meet the independent demand and interests of the working masses and firmly defended the revolutionary principle under whatever circumstances.

The chuche idea is the life and soul of our party also because it is the ideological foundation of its most solid singlehearted unity.

It teaches the precious truth that the popular masses must be firmly united as one behind the party and the leader in order to shape their destiny with success. Here in lies the matchless attraction of the chuche idea which makes it possible to achieve solid unity and cohesion of the party and the masses.

It is a steadfast creed which all our people cherish deep in their minds that they can build a socialist paradise good to live in only when they make revolution along the road indicated by the chuche idea.

Hence, no matter how viciously the imperialists may try to destroy the confidence in socialism they cannot break the faith of our party members and people who absolutely follow the man-centred chuche idea, and can never wreck the solid unity and cohesion of our party based on one idea as long as there is the chuche idea.

* Agricultural Collectivism Emphasized

912C0045 Pyongyang KYONGJE YONGU in Korean No 3 Aug 90 pp 33-35

[Article by O Yong-sok: "Managing and Operating the Rural Economy by the Collectivist Method Is an Intrinsic Demand of the Socialist Rural Economic System."]

[Text] To accurately solve the problem of managing and operating the rural economy is one of the important theoretical and practical problems facing socialist rural construction. Only by accurately resolving this problem is it possible to highly display the superiority of the socialist rural economic system, firmly preserve the working-class-oriented demands and the basic interests of the revolution, develop agricultural productivity to a high level, and firmly build the material and technological foundation of communism.

Because the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il created the chuche-based theory that holds that we must manage and operate the socialist rural economic system by collectivist methods, and because they provided the leadership to accurately embody it, the socialist rural economy has been successfully accelerated without the slightest deviation in our country and the invincible vitality of the socialist rural thesis is being dynamically displayed.

The social system and the method of managing it are inextricably interrelated.

It is fitting that the management and operation of the rural economy be conducted according to collectivist methods so as to meet the intrinsic demands of the socialist rural economic system.

When we speak of managing and operating the socialist rural economic system by collectivist methods we mean taking the interests of the group, the interests of the state and society, as the fundamental thing in managing and operating the rural economy, and relying on the strength of the producer masses and the collectivity. In other words, it means respecting the demands and interests of the individual while considering the interests of the collectivity as more precious. It means thoroughly guaranteeing the interests of each production unit while judging the interests of the state and the whole society as more precious. And it means relying on the strength of the collectivity to conduct management and operations.

The fact that managing and operating the rural economy by collectivist methods is an intrinsic demand of the socialist rural economic system is related to the fact that above all the socialist rural economic system is based on the collective ownership of the means of production.

The dear leader Comrade Kim Chong-il pointed out as follows:

"Inasmuch as cooperative administration is a socialistic economic form based on collective ownership of the means of production, the management method corresponding to it should properly be a management method based on collectivist principles."

Ownership of the means of production determines the class nature of rural administration and forms the economic foundation of the social relationships of agricultural workers and determines the change and development of these relationships. The essence of management and operation lies in utilizing the means of production to meet the demands and interests of its owners. Therefore, the method of managing and operating the rural economy—which is the method of organizing and directing the economic activities of agricultural workers—is determined by the ownership of the means of production. If the means of production are privately owned, management utilizes the means of production to suit the individual interests of the owner himself. Conversely, if the means of production are owned by the society, management utilizes the means of production to suit the common interests of the owner-collectivity. Consequently, cooperative administration, which is based on collective ownership of the means of production, must be managed and operated under collectivist principles.

While economic management and operations methods are set according to the form of ownership of the means of production, they have a relative autonomy and exert a great impact on the socio-economic system in matters involving the mutual relations among persons who are bound together by the nature of ownership of the means of production and the production process, and by the distribution relations of the goods produced.

Needless to say, in general, if one changes the material structure, changes will also occur in material functions. This will exert a certain influence on the material function, and the structure will gradually become different as its functions change.

Without conducting the management and operation of the agricultural cooperative economy according to collectivist methods, the nature of the socialist rural economic system may gradually change. In other words, if the socialist rural economic system based on collectivist ownership is conducted not according to collectivist methods, but according to management methods based on individualism, even though the system is socialistic, its management will eventually end up being no different from a capitalistic one. If the socialist rural economic system is not managed and operated by collectivist methods appropriate to it, but according to methods based on individualism, it will gradually change into a capitalistic rural economy.

The management method based on individualism places priority on the demands and interests of the individual and subordinates everything to them. If we base things on this kind of individualistic method, we will be unable to indoctrinate the agricultural workers with collectivist and communist ideology; individualistic egotism will be rekindled, and we will be unable to have genuine solidarity and cooperation. Also, the leadership, assistance, and support of the state and the party of the working class for the rural economy cannot be strengthened and we will be unable to industrialize and modernize agriculture, and in the future we will be unable to convert cooperative ownership to ownership by all the people. If this comes to pass, each cooperative farm will pursue only the demands and interests of its own unit, and the farmers also will seek to make the interests of the individual primary. As a result, a gap between the rich and the poor will arise, class differentiation will arise, the phenomenon of exploitation will occur, and capitalist elements will sprout and grow within the socialist rural economy.

Only a normal method of managing and operating the socialist rural economic system must be, in every respect, according to collectivist methods. The predominant collective ownership in the socialist farms is the joint ownership of the means of production by a certain collectivity. In other words, it is a form of ownership directed toward achieving the common intentions and demands of all the agricultural workers comprising it, and the interests of the entire state—not those of individual persons. Under socialist ownership, all problems arising in production and management are dealt with and solved according to the demands and interests of the state and the collective. Having this kind of socialist ownership of the means of production, the socialist cooperative economy, unlike the private economy, must be managed and operated by collectivist methods under the unified guidance of the party and the state.

Inasmuch as cooperative ownership is a form of ownership that suits the ideological consciousness and technical and cultural level of the agricultural workers comprising the collective and the material conditions of their economic activities, it highly displays the revolutionary fervor and creative positiveness of the producers.

Cooperative ownership, too, develops and changes. As the material and technological base of the rural economy is strengthened and the cultural level and ideological consciousness level of the farmers is raised, cooperative ownership becomes more consolidated and developed and more perfected. The more cooperative ownership approaches an ownership of all the people, and the more ownership by the entire people is continuously expanded and developed, the more the socialization level of the means of production is raised and the social character of production is strengthened. In order to accelerate this inevitable process of socialist ownership development, we must manage and operate the rural economy by collectivist methods.

Next, the fact that managing and operating the rural economy by collectivist methods is a basic demand of the socialist rural economic system is related to the fact that the socialist rural economic system is based on the comradely solidarity and cooperation of the agricultural workers.

The mutual relationships that bind people together in production activities and other areas of social life are intimately related to the method of managing and operating the economy.

The method of managing and operating the economy is determined also by the mutual relationships among the people comprising it.

There are differences in the method of operating the economy according to whether those persons are in a relationship of domination and subservience or whether the relationship is one of standing together and cooperating in a comradely manner.

The exploiting class and the toiling popular masses in the exploiting society, where the class demands and interests of people are different, are in a relationship of mutual hostility, a relationship of domination and subjugation. But even among the exploiters, interests are not identical. Among them there are contradictions, and the principle of survival is the law of the jungle, so the operation of the economy is based entirely on individualistic principles which are applied according to the interests of each of the exploiters. Because it is based on an individualistic view of life, the individualistic method has limits in demonstrating people's zeal and initiative. In an economy that is operated on the basis of an individualistic view of life, people display initiative only as long as it is in the interests of the individual.

Under the socialist rural economy, in which the agricultural worker himself is the master of state sovereignty and the means of production, relationships of comradely solidarity and cooperation predominate among the agricultural workers. All agricultural workers struggle for the interests of society and the farm collectivity, for the single objective and ideal of building socialism and communism. Under the socialist rural economy, the interests of the collectivity and those of the individual are basically united. By no means does collectivism ignore the interests and initiative of the individual.

The essence of collectivism lies in helping and leading one another and sharing in weal and woe under the slogan, "One for all and all for one!"

Collectivism under the socialist rural economic system not only respects the common interests of the cooperative farm, but also regards preciously the interests of all farm members. Collectivism, which is highly displayed in the socialist rural economy, takes as its principle that the person who performs more work and makes greater contributions to the collectivity is given a correspondingly greater share and is more highly regarded socially.

In the socialist rural economic system, the interests of the cooperative farm and those of the agricultural workers are fundamentally united. The management and operations method that suits the essential nature of the socialist rural economic system in which all agricultural workers are united together and cooperate in a comradely fashion is precisely the collectivist method.

The collectivist management method is based on the viewpoint of people who display loyalty to the integral leader, the party and the masses—the collectivist life-view. Because it is based on the collectivist life-view, the collectivist method enables people to display an infinite devotion and mass heroism for the development and prosperity of the collectivity.

The solidarity and cooperation of the collectivity cannot be properly guaranteed by means of individualistic methods. Only by relying on collectivist methods is it possible to guarantee successfully comradely solidarity and cooperation of the agricultural workers and to display great might that is unthinkable by scattered individuals.

Collectivism is the revolutionary spirit of struggling devotedly for the interests of the social collectivity that is formed into a living sociopolitical organism by the leader, the party, and the masses uniting together. The independence-oriented aspirations and demands of the agricultural workers can be completely achieved when all the broad agricultural working masses band together into one living sociopolitical organism under the leadership of the leader and the party, and struggle devotedly for the common interests of the society.

Comradely relations are precisely relations of solidarity and cooperation—relations in which people help and lead one another and share in weal and woe. The collective management method is based on the solidarity and cooperation of the social collectivity and continuously strengthening it while the independence and initiative of all agricultural workers belonging to the collectivity are highly displayed.

Next, the fact that managing and operating the rural economy collectivist methods is the intrinsic demand of the socialist rural economic system is related to the inevitable demands of the socialist rural economic system in which agricultural production must be continuously developed at a high rate of speed.

In the socialist rural economic system, we must vigorously inspire the development of agricultural productivity and develop agricultural production continuously at a high rate of speed. Only by developing agricultural production under socialism at a high rate of speed is it possible to achieve the independence-oriented demands of the toiling popular masses.

The management and operations method that can develop agricultural production at a continuously high rate of speed is the collectivist method.

If, in developing agricultural productivity, we were to regard capitalistic management methods based on individualism as superior, that would be a mistake. That is related to the fact that small-scale individual farm economy itself has severe limitations in developing agricultural productivity.

One cannot develop agricultural productivity to a high level by means of the small-scale, individual farm economy. Because labor is carried out independently, the small-scale individual farm economy is unable to rationally utilize social labor. Since the scale of production is very small, it is unable to rationally utilize modern farm machinery and various other kinds of agricultural means of production. At the same time, small-scale individual farm economy has a weak economic foundation and it is unable to adopt on a large scale the new, rapidly developing technologies. And it is also difficult to develop agricultural production intensively.

Under conditions where the individual farm economy has a low level of agricultural productivity development and there is a lot of surplus rural labor, the individualistic management method by means of the small-scale, individual farm economy can be advantageous, but even in that kind of situation, it cannot be a normal method of operating the socialist rural economy.

Moreover, it is completely inappropriate to our country's rural situation, where irrigation, electrification, mechanization, and chemicalization have been achieved according to the course defined by the agrarian thesis under the wise leadership of the great leader, and where the agricultural productivity level is rising and industrialization and modernization of agriculture are being achieved.

In our country, the rural technological revolution has progressed and the material and technological foundation of agriculture has been strengthened. Agricultural production has been transformed into a technological process in which modern material and technological means are an integral part. The only management and operations method corresponding to such a level of agricultural productivity development is the collectivist method.

All of these facts show clearly that managing and operating the socialist rural economy by collectivist methods is the intrinsic demand of the socialist rural economic system.

Because the great leader and the dear comrade leader explained that management and operation by collectivist methods is the intrinsic demand of the socialist rural economic system, a powerful ideological and theoretical weapon has been provided for the party of the working class and the state to staunchly protect the revolutionary stand in socialist rural construction and vigorously accelerate the revolutionary cause of chuche.

These management methods, starting with the new agricultural guidance system and the subworkteam management system—which are based on the county cooperative farm management board, which was created by the great leader—are a guidance management system and method based on the collectivist principle. By strengthening the guidance of the party and state over the rural economy so as to meet realistic requirements in which socialist construction is being propelled to a new, higher stage, and by thoroughly implementing the subworkteam management system, we must staunchly protect the collectivist method in the management and operation of the socialist rural economy and more dynamically accelerate rural construction for the complete victory of socialism.

* Party Leadership on Training Skilled Manpower

912C0062A Pyongyang NODONG SINMUN in Korean 24 Nov 90 p 3

[Article by Yi Ho-sop, secretary of the primary-level party committee of the Pyongyang Railway College: "Party Leadership and the Training of Technical Personnel"]

[Text] The work of training technical personnel is critical in preparing youth and college students to be revolutionary persons possessing a high level of scientific and technological skills as well as an independence-oriented ideological consciousness.

Our party early on clearly elucidated the importance and significance of the work of training technical personnel and the direction and method for strengthening and developing this work. It has provided all the conditions for attaining this goal in each period of revolutionary development.

Comrade Kim Chong-il, member of the Presidium of the Political Bureau and Secretary of the Central Committee of the WPK [Workers Party of Korea], pointed out as follows:

"Only by improving the work of training technicians and specialists to meet the trends of modern scientific and technological development will it be possible to quickly develop our country's science and technology, dynamically push forward the technological revolution, and accelerate socialist economic construction at a rapid speed. The higher-education sector must improve the work of training technicians and specialists to meet the demands of realistic development."

Improving and strengthening the work of training skilled manpower is an inevitable demand for pushing forward the technological revolution and occupying the material fortress along with the ideological fortress of socialism- and communism-building.

If we are to successfully accomplish the technological revolution to meet the demands of revolutionary development, in which socialist construction is intensifying, we must train more and better technical personnel who will be the ones directly in charge of socialist construction Modern science and technology are developing at a rapid rate of speed, and this reality urgently demands that we improve and strengthen the work of training technical personnel.

The present age is the age of science and technology. Today, as science and technology rapidly advance, new scientific and technological fields are continuously being pioneered and electronic computers, industrial robots, and other modern technological means are being widely used in production. Only by improving and strengthening the work of training technical personnel to meet the trend of modern scientific and technological development will it be possible to vigorously push forward the technological revolution, rapidly develop our country's science and technology, and accelerate socialist economic construction at a brisk rate of speed.

In order to improve and strengthen the training of technical personnel, institutions of higher education must do their job well.

The college is the training base for our country's technical personnel and the sanctuary of science.

College education is the educational process that enables people to master completely specialized skills. Consequently, success in the work of training technical personnel and developing the country's science and technology is controlled by how college education is carried out.

The absolute guarantee for improving and strengthening college educational work and achieving successes in the work of training technical personnel lies in enhancing the role of the college party committee.

The college party committee is the highest guidance organ of the college, which takes responsibility for and guides the college's teaching and indoctrination work and the political and ideological life of the faculty and students. Only if the college party committee, as the highest guidance organ of the college, does its guidance job well in harmony with the characteristics of the college, will the overall work of the college—starting with the education, indoctrination, and training of talented persons—be successfully carried out in accordance with the intent of the party.

If the college party committee is to correctly carry out its role, it must first of all give steadfast priority to party political work above all other work and carry it out by linking it intimately to educational administrative work.

In the case of technical colleges, giving firm priority to party political work is an urgent matter. If we are to train students to become technical personnel possessing modern science and technology, on a solid foundation firmly armed with the chuche revolutionary world view, we must give priority to party political work and staunchly adhere to the principles of party spirit and working class spirit in education, thoroughly embodying the principles of socialist pedagogy.

In the last period, the party committee of the Pyongyang Railroad College, giving steadfast priority to party political work and adhering to the principle of party spirit and working-class spirit, made the primary goal the firm setting up of the party's unitary ideological system among the faculty and students, and strengthened party guidance in the work of training technical personnel. The committee turned its serious attention to teaching in the social science curriculum, and moved to increase its quality. Meanwhile, it carried out various forms of political and ideological training, such as chuche-thought training and loyalty training, and "our-nation-first" teaching, linking these intimately to instruction and indoctrination. In particular, the primary-level party committee instilled among the students the words of the dear Comrade Kim Chong-il when he gave working guidance at the Pyongyang Railway College, and aggressively pushed forward the organization and political work for its implementation.

The dear Comrade Kim Chong-il visited the Railway College on several occasions, beginning with 3 July 1969, and gave programmatic instructions that must be firmly grasped in the work of college education, starting with the problem of correctly melding theoretical education with practical education.

In the process of carrying out a variety of party organization political work, the college primary-level party committee came to train all the students as trusted inheritors of the chuche revolutionary cause—persons with a firm view of the leader and the chuche world-view who hold high the revolutionary banner of chuche thought, no matter what winds might blow, and who live and work in our own style. It also strengthened guidance in order to raise the party policy level and the scientific and theoretical level of instruction and made sure that the effects of party work appeared in the results of instruction, indoctrination, and scientific research projects.

The primary-level party committee set up a revolutionary study spirit among faculty and students, and intensified party guidance so that loyalty to the party and the leader would manifest itself in boosting the quality of education and academic achievement. Thus, new advances were achieved in the political and ideological life of the faculty and students, and results were realized in raising the level of the teachers' instruction and indoctrination, the quality of scientific research projects, and the standards of the students' academic abilities.

A typical example is the railroad electrical engineering faculty. Functionaries of this faculty's subprimary-level committee aggressively organized and launched political work by going among faculty members and students and having them set up a revolutionary study spirit, and the functionaries saw to it that the faculty members and students vigorously launched a Campaign to Capture the Red Flag of the Three Revolutions, linking it closely to revolutionary tasks. Therefore the fifth year of the locomotive electric facilities department of the railroad electrical engineering faculty did a good job of studying social and political subjects, and their major technical courses as well, and realized the highest average grades for the last school semester.

The primary-level committee strengthened party guidance so that instruction and indoctrination work and scientific research projects were carried out so as to meet the party policy requirements and our country's situation. This enabled students, even if they learned only one thing, to possess living knowledge that would enable them to use it in a practical manner in strengthening and enhancing our country's scientific and technological development and railroad transportation. And if they conducted only one scientific research project, it would contribute to solving scientific and technical problems that are straining the country's railroad transportation. Thus, many instructors, researchers, and students took a firm chuche-oriented stand and strengthened scientific research projects and produced results in some 170 valuable scientific projects such as "A Study of High Frequency Communications System," "Method of Construction of Cantilever Bridges," and "Walking Guide-Robots," and made positive contributions to the development of our country's science and technology and the strengthening and development of railroad transportation. Thanks to the immense solicitude of the party, instructors, researchers, and students at our college were highly honored for their distinguished service to the state and were given invention patents and the title of Merit Scientist. A number of students also won the "New Technological Innovation Torch Award." During the past 10 years, professors and doctorate-holders increased four-fold; in the past year alone, the ranks of holders of academic degrees and professorships grew 4.3-fold and several dozen students received the honor of becoming candidates for the degree of Associate Ph.D.

The college primary-level party committee during the past period firmly managed the college League of Socialist Working Youth (LSWY) organization, the key to working skillfully with students, and the committee found ways to enhance the role of the LSWY, paying great attention to implementing those measures.

The primary-level party committee fashioned the college LSWY organization into a militant and vigorous unit and enhanced its combat functions and role. The committee had the LSWY vigorously launch mass movements, beginning with the movement to capture the title of "Youth Vanguard Model Primary-Level Group." It also turned its attention to having the LSWY organize its activities so as to suit the characteristics of college students and youths, who are sensitive to new things and have a strong progressive spirit. Recently the committee has been having the LSWY energetically carry out a variety of political ideological work and sports, culture, and arts activities by expertly organizing the "College Students' Day" granted by our party. It also is having them energetically carry out work to win the College

Students' Science Research Prize and publish valuable scientific research papers and is substantively inducing the LSWY to carry forward the work of making college students become Ph.D's and associate Ph.D's in their 20's and 30's.

By enhancing the functions and militant role of the LSWY organization, we are seeing to it that the students are reliably prepared as the next generation of our revolution, as youth vanguards who will genuinely support the cause of the party.

The college primary-level party committee has energetically launched the Movement to Capture the Red Flag of the Three Revolutions which was lighted by the party and has turned its energies toward achieving great successes in educational work. By converting the Movement to Capture the Red Flag of the Three Revolutions into a party-committee-level project and pushing it forward, we have achieved transformations in instruction and indoctrination, scientific research work, and academic studies under the flames of the ideological, technological, and cultural revolutions. Day after day, many faculties and college classes, including the locomotive electrical facilities department of the railroad electrical engineering faculty, the faculty's dynamics department of the railroad construction faculty, and the college publications office, are being awarded the glorious Red Flag of the Three Revolutions.

The college primary-level committee is intensively providing consultations on all issues beginning with the implementation of educational programs and the regularizing of college management. Responsible functionaries in the field of educational administration have also achieved successes in training technical personnel by effectively providing unified direction in educational administration work.

Experience shows that in order to train the new generations as revolutionaries of the chuche stripe who are loyal to our party and revolution as well as competent technical personnel, we must strengthen party guidance over college education and indoctrination work. In the future as well we will strengthen party guidance and more thoroughly carry out the lofty intent of the party concerning training youth and college students—who are the flower of our country and nation and the future of the fatherland—into trustworthy inheritors of the chuche revolutionary cause and capable technical personnel.

South Korea

Seoul Considers More Economic Support to U.S.

SK1801030491 Seoul Domestic Service in Korean 1100 GMT 18 Jan 91

[Text] The ROK Government has expressed its intention to consider further economic assistance if the United States requests it. In the meantime, the Party for Peace and Democracy [PPD] has decided to agree on the dispatch of a military medical team to the Middle East if there is a firm guarantee that no combat troops will be sent. In an intraparty meeting held today at the National Assembly, the PPD decided to assume a flexible position on the dispatch of a medical team to the Middle East and to decide on the party's final position on this issue after clearly knowing the government's position in tomorrow's meeting between President No Tae-u and President Kim Tae-chung. The PPD decided to oppose a bill on the dispatch of a medical team in today's National Defense Committee session. However, it decided to cooperate with the ruling party to ensure that the bill be passed in the 21 January main session of the National Assembly.

Cabinet Awaits Assembly Approval on Medical Team

SK1701130691 Seoul YONHAP in English 1241 GMT 17 Jan 91

[Text] Seoul, Jan. 17 (YONHAP)—The South Korean Cabinet Thursday passed a motion for the dispatch of a military medical team to Saudi Arabia and submitted it to the National Assembly for approval.

Information Minister Choe Chang-yun said after a special Cabinet meeting that the government has been fully prepared to send the medical personnel as early as Jan. 22 after the motion is endorsed by the National Assembly which convenes on Jan. 21.

"The government is sending the medical team to support the multinational forces which are in the Gulf region to repulse illegal military invasion," Choe, concurrently government spokesman, said. The government had decided to send a 154-member medical team to Saudi Arabia. A 26-member advance team is already in Nuairia, northeastern Saudi Arabia.

Assembly To Consider Deployment

SK1801033691 Seoul YONHAP in English 0157 GMT 18 Jan 91

[Text] Seoul, Jan. 18 (YONHAP)—The National Assembly will convene Monday for 20 days to act on a government motion to send a military medical team to the Persian Gulf and deal with pending issues. Vice speaker Kim Chae-kwang announced the special session Thursday on behalf of speaker Pak Chun-kyu, who is on an official tour of Asian and African countries. Pak returns Friday, cutting short his trip.

Parties agreed Thursday to advance the opening of the session, originally slated for Jan. 24, to discuss issues related to the Gulf war. They failed to agree on details of the schedule for the 20-day sitting as they differed on major points.

The ruling Democratic Liberal Party (DLP) wants to handle a government motion to dispatch medical team first, before hearing speeches from party leaders, while the party for Peace and Democracy (PPD) insists that debate follow the addresses and interpellation. Whips of the two parties will meet at the National Assembly Friday morning to discuss the schedule.

The government has sent a 26-member advance unit to prepare for the dispatch of a 154-member military medical team to Nuairia, Saudi Arabia, to support the multinational forces. It says it hopes to send the main body at an early date.

The motion was approved by the Cabinet Thursday and submitted to the assembly later the same day.

The PPD has voiced opposition to the dispatch of the medics on the ground that it could lead to the sending of combat troops, as was the case in the Vietnam war. The opposition party is unlikely to oppose the motion now that war has broken out, assembly sources said.

The session also will handle the endorsement of President No Tae-u's nomination of No Chae-pong as prime minister and reform bills, including the revision to the National Security Law and the law on the agency for National Security Planning.

The parties also agreed to convene five standing committees—foreign affairs and unification, defense, energy and resources, economy and science, and labor affairs—Friday to discuss the Gulf war.

Team's Deployment Advanced

SK1701070091 Seoul YONHAP in English 0604 GMT 17 Jan 91

[Text] Seoul, Jan. 17 (OANA-YONHAP)—South Korea is pushing up the dispatch of a military medical team to the Persian Gulf from Feb. 1 to Jan. 22, Defense Minister Yi Chong-ku said Thursday. Two or three C-130 cargo planes from the Korean Air Force will carry the 154-member medical personnel squad to Saudi Arabia the day after the National Assembly approves their dispatch in its opening session Jan. 21, Yi told a crisis session of ministry and military leaders.

Conscious of possible North Korean moves in the wake of the Gulf War, Yi ordered a strict alert for military commanders, steady progress reports and emergency conditions for information, mobilization, communication and munitions. Korean and U.S. forces based in Korea have not yet upgraded their alert status to Defcon-3, but the decision will be made in a Korea-U.S. Military Committee meeting when necessary, he said.

Seoul was notified of the attack a little after it began, Yi said, and considering all the facts the air strike was probably launched close to 8 A.M. A 26-member advance team left for Saudi Arabia on Monday, part of the medical team South Korea promised in support of the international alliance against Iraq.

The defense minister said contact with the advance team was being maintained through the Korean military attaches in Saudi Arabia. They are preparing for the arrival of the main team and will provide regular reports on safety conditions, he said.

Main Elements To Leave 22 Jan

SK1801133991 Seoul YONHAP in English 1229 GMT 18 Jan 91

[Text] Seoul, Jan. 18 (YONHAP)—The main squad of the South Korean military medical team to serve with the multinational forces in the Middle East is expected to leave Seoul on Tuesday aboard two Korean Air Force transport planes.

The South Korean Defense Ministry decided Friday to use two C-130s in transporting 134 members of the medical team. An advance detachement of the team is already in Saudi Arabia. It will be the first time that South Korea uses its Air Force planes in transporting military personnel abroad. The C-130s will make four stopovers on their journey to Saudi Arabia, which is expected to take two days and three nights, defense officials said.

Meanwhile, the team is expected to leave Seoul as early as Tuesday, or a day after the National Assembly convenes a special session, according to the officials. The legislature will hold a meeting of the National Defense Committee and a plenary session in immediate succession on Monday to pass a motion for the dispatch of the medical team to the Gulf.

Fuel Prices To Increase in Near Future

SK1801034991 Seoul YONHAP in English 0213 GMT 18 Jan 91

[Text] Seoul, Jan. 18 (OANA-YONHAP)—South Korea will seek an across-the-board hike in fuel prices this weekend or early next week to ensure stable oil supplies and save energy. The move is one of the means devised to counter the economic repercussions of the war in the Persian Gulf and is to be pursued after taking into consideration fluctuating crude oil prices.

Government measures, reported by Deputy Prime Minister Yi Sung-yun to President No Tae-u during a session of the National Security Council Thursday afternoon, include many ways of saving energy. Under step that took effect Friday, cars and buses are banned from operating once every 10 days, large-sized neon signs must be turned off, large-capacity boilers must use light oil instead of kerosene, non-oil power stations will operate at maximum capacity and television broadcasting will be cut by two hours a day. The measures fall under the government's first-stage action plan, premised on war ending in a month.

If the war continues longer than a month, the government will take further measures such as ordering automobiles off the roads every other day according to their plate number, regulating travel abroad and restricting foreign currency transactions. "While pressing ahead with government measures already set up for such urgent matters as the oil supply, price stabilization and overseas construction, the government will come up with ways to defuse economic concerns if the war drags on," Yi said.

"If the war ends quickly, there will be no adverse impact that the nation will find it impossible to get over, but in the opposite case, it will be exposed to a global economic depression and high oil prices."

With the energy-conservation plan enacted, the government decided to watch closely for hoarding of daily necessities and surprise price rises in the service sector, and to release unlimited amounts of stockpiled goods and materials.

Expressing a resolute will to stabilize prices, the government said it would conduct tax inspections if there are price cartels or if commodities are hoarded.

The government will also take steps to evacuate Korean construction workers in areas near the hostilities such as eastern Saudi Arabia and to protect construction equipment and supplies in Iraq, Kuwait and other countries for immediate resumption of construction.

Vessels without war risk insurance will be banned from the Persian Gulf and trading firms with suspended shipments to the Mideast will be given financial support, including bank loans.

The price of oil will probably soar 15 percent to 20 percent around the weekend and be followed by hikes in electricity and gas charges.

If the war continues longer and more intensely than expected, the government will ration gasoline and kerosene, limit domestic electricity supplies, revise all its economic plans and conduct an austerity campaign.

PPD Spokesman Terms Gulf 'War' Regrettable

SK1801012491 Seoul THE KOREA TIMES in English 18 Jan 91 p 2

[Text] The Party for Peace and Democracy [PPD] yesterday proposed advancing the meeting between President No Tae-u and PPD head Kim Tae-chung, which is slated for tomorrow, to today in order to discuss ways of jointly coping with impacts arising from the Persian conflict on the nation and political stability.

"We hope to advance the projected meeting from Saturday to Friday so as to work out countermeasures against problems possibly facing the nation," PPD spokesman Pak Sang-chon said.

The major opposition party said it is regrettable that the Persian Gulf crisis ended in war instead of being resolved in a peaceful manner. "It is extremely regrettable that the question concerning the withdrawal of Iraqi troops from Kuwait was not solved peacefully," the PPD said.

PPD Assured: No U.S. Request for Troops

SK1801035891 Seoul YONHAP in English 0252 GMT 18 Jan 91

[Text] Seoul, Jan. 18 (YONHAP)—Defense Minister Yi Chong-ku nearly ruled out the possibility Friday that the United States would ask South Korea to send combat troops to the Persian Gulf.

Meeting with opposition leader Kim Tae-chung, president of the Party for Peace and Democracy [PPD], Yi said the U.S. administration had neither made a call for troop dispatch nor was it expected to do so. Yi was recently quoted as hinting at the dispatch of combat troops upon U.S. request, but he claimed in his meeting with Kim that the reports had misinterpreted his words.

"One of the reasons the U.S. Administration won't request our troops lies in the belief that another regional war would create a serious problem while a war is already on in the Gulf. Military confrontation is continuing on the Korean peninsula," PPD spokesman Pak Sang-chon quoted Yi as telling kim. Yi told Kim that U.S. troops stationed in Korea were unlikely to be deployed to the Gulf. There are some 43,000 American troops in South Korea.

After being briefed on Gulf war-related situations, Kim told Yi the PPD would decide its position regarding the dispatch of military medical personnel to the U.S.-led multinational forces in a meeting Saturday.

The Cabinet passed a motion calling for the dispatch of a 154-member military medical team to the Gulf Thursday and sent it to the National Assembly for approval next week. The PPD and other opposition parties have opposed the move on the grounds that it would lead to sending combat troops to the region, as was the case in the Vietnam war. The opposition parties do not have the votes to stop the motion, which will be introduced in an extra sitting of the National Assembly Monday.

Number of Citizens in Gulf 'Choose To Stay'

SK1701112291 Seoul YONHAP in English 1106 GMT 17 Jan 91

[Text] Seoul, Jan. 17 (YONHAP)—The South Korean Government has decided to reconsider its earlier decision to send a special plane to the Gulf region for evacuating Korean residents there as the number of the Koreans wishing to return has reduced, Assistant Foreign Minister Yi Ki-chu said Thursday.

Yi, after presiding over a meeting at the Gulf Crisis Management Headquarters, said, "Our field reports have it that an increasing number of Koreans are changing their mind and choose to stay there amid reports of latest military situation. The number of Koreans wishing to return home has dropped to about 100 from over 450. Accordingly, we have decided to delay the dispatch of a chartered plane, which had been set to leave late Friday evening."

The director of the task force, however, said the government will continue discussing the evacuation plan further in preparation for abrupt changes in the situation of the Gulf region. Earlier that day, the inter-government organization decided to send a special plane to Abu Dhabi Friday to pick up about 400 Korean residents wishing to return home.

Ships in Persian Gulf Instructed To Return

SK1701091891 Seoul YONHAP in English 0812 GMT 17 Jan 91

[Text] Seoul, Jan. 17 (YONHAP)—The Maritime and Port Administration (KMPA) instructed Thursday four South Korean vessels, including the car carrier Auto Champ owned by Pan Ocean Shipping Co., to leave the Persian Gulf as soon as they finish what they are doing because of the Gulf War.

KMPA instructed another seven ships, including the oil tanker Yukong Commander of Yukong Line Ltd. and Pan Ocean's car carrier Auto Banner, not to continue on course for the Persian Gulf and to immediately take shelter in the Arabian Sea or Oman Bay.

Auto Champ entered Jubail in Saudi Arabia in the morning and unloaded cars, and is scheduled to leave there in the evening, and the oil tanker Diamond of Honam Tanker Co. anchored at Jebel Ali in the United Arab Emirates in the early morning, and is slated to leave at midnight Friday after loading crude oil.

According to KMPA, the oil tanker Korea Banner of Hyundai Merchant Marine Co., scheduled to go to Kharg Island in Iran to load oil after a refueling stop at the port of Fujairah in the United Arab Emirates on Wednesday, has stayed around Fujairah.

The car carrier Atlantic Beauty owned by Hyundai Merchant Marine Co., which was sailing for Europe via the Suez Canal after discharging cars at Jeddah in Saudi Arabia, was instructed to sail into the Red Sea as soon as possible, a KMPA official said.

"KMPA is planning to instruct all Korean vessels on voyages near the Persian Gulf to return immediately to their home ports if the Gulf war intensifies," he said.

The Foreign Ministry has asked Saudi Arabia, Iran, the United Arab Emirates, Bahrain, Oman and Qatar to cooperate in providing protection for Korean sailors and vessels seeking shelter in their ports, he said.

Telephone Communications to Iraq Severed

SK1701091291 Seoul YONHAP in English 0808 GMT 17 Jan 91

[Text] Seoul, Jan. 17 (YONHAP)—Telephone service to Iraq was completely severed from 8 AM Thursday morning, when the allies started attacking the country, officials at Korea telecom said.

It was possible to reach Iraq only with operator assistance until the air attack. In October last year, international subscriber dialing service to Iraq was cut off.

Seoul-bound calls from Saudi Arabia have not been received, but the other way has no problem yet, they said. Korea telecom has 38 direct lines with Saudi Arabia by satellite and has agreed to install three more if necessary.

Should telecommunications with Saudi Arabia cease, Korea telecom will increase direct lines to the United Arab Emirates from 14 to 17, with Jordan from four to six, with Bahrain from six to 10 and with Yemen from four to six, they said.

Ministry Bans Construction Orders From Mideast

SK1701062691 Seoul YONHAP in English 0550 GMT 17 Jan 91

[Text] Seoul, Jan. 17 (YONHAP)—The Construction Ministry banned South Korean construction firms from taking orders from the Middle East shortly after war began Thursday. It told companies to speed up ongoing construction projects and establish 24-hour communication between construction sites and their head offices in Seoul.

Saying prevention of casualties was the top priority in all situations, the ministry ordered negotiations with the Mideast customers on evacuation of Korean employees. Korean firms are involved in 161 construction projects and have 10,582 Korean employees in the region.

Exchange Bank Stops Trading in Gulf States

SK1701013991 Seoul THE KOREA TIMES in English 17 Jan 91 p 10

[Text] The Korea Exchange Bank [KEB] stopped trading three Arab currencies yesterday as an outbreak of a Persian Gulf war looked imminent.

The KEB stopped quoting rates on the Saudi riyal, Bahrain dinar and United Arab Emirate's dinar yesterday.

The three currencies, along with the Kuwaiti dinar, were suspended from trading August 9 after the Iraqi invasion of Kuwait. But except for the Kuwait dinar, the KEB resumed trading in the three currencies from September 3.

All foreign exchange business in the four Arabic currencies, including remittance and conversion of currencies and export-import business, will be suspended until the Middle East situation normalizes, the KEB said.

The KEB's action will be followed by all Korean banks, bankers said.

Study Predicts War's Environmental Impact

SK1501054391 Seoul YONHAP in English 0516 GMT 15 Jan 91

[Text] Seoul, Jan. 15 (OANA-YONHAP)—War in the Persian Gulf could fill the sky with tens of thousands of tons of dust, carbon dioxide and sulfur dioxide and reach the Korean peninsula in 10 days, the Environment Ministry said Tuesday. Unlike sulfur dioxide, which disperses after about four days, carbon dioxide can remain in the atmosphere for up to a century, changing the climate, the Ministry said.

A study on the environmental impact of a shooting war in the Persian Gulf, the first by a South Korean agency, said pollutants could travel the 5,000 kilometers from the Middle East to the Korean peninsula in 10 days on seasonal winds. Assuming that the entire 30 billion barrels of oil stored in tanks in Iraq, Kuwait and Saudi Arabia was burned in a month-long war, some 1.8 million tons of sulfur dioxide, 140,000 tons of dust and 40 million tons of carbon dioxide would be dumped into the atmosphere, according to the study. The particles would rise into the stratosphere, where they could block the sun's rays and could in the long run lower the global temperature by 0.5 degrees celsius, the study said.

The immediate effect in the war region will be average daily sulfur dioxide levels of 0.82ppm and acid rain, the study said. First to be affected will be Thailand, the Philippines and Indonesia, the so-called monsoon region of Southeast Asia. Preventive measures include using low-sulfur fuel in the winter and expanding the supply of liquefied natural gas as an alternative fuel, it said.

Editorial Views Conflict in Persian Gulf

SK1801083191 Seoul CHOSON ILBO in Korean 18 Jan 91 p 3

[Editorial: "War and Peace"]

[Text] The Gulf war dramatically shows that an end to the cold war between the United States and the Soviet Union does not automatically entail a guarantee for world peace. On the contrary, it appears that as a result of the demolition of the long-kept cold war order, the world has ushered in an era in which armed disputes occur again and again in many regions.

This has been shown by Iraq's invasion of Kuwait and the moves of three Baltic republics to veer away from Soviet domination, and indicates that the role of the United States and the Soviet Union as global police has been challenged. In the Middle East, this challenge has been manifested by the "nationalism" of Iraqi President Husayn who implies that he is a modern version of Nebuchadnezzar. The launching of a war against Iraq by the U.S. is viewed as an expression of its will never to allow the arbitrariness of such "regional nationalism" to disturb the world order and undermine its national interests.

It is expected that in view of this resolve, the United States will deal a fatal blow to Husayn and his regime with the tremendous fire power of the multinational forces. The question is whether fire power can guarantee a political victory. It is presumed that the United States hopes to cause drastic changes in the region by relying on its fire power and, finally, to create a new order which it can accept.

If nationalistic sentiments of the Arabs are strongly aroused by the assault of the United States, however, the situation may further aggravate the United States. For this reason, Husayn has defined the Gulf war as a "holy war" grounded in the cause of the Arabs and has tried to wage it along those lines.

Therefore, it is believed that besides exercising its fire power, the United States should make efforts to display its political wisdom by preventing the interpretation of the war as a "holy war for the Arabs." In this context, how Israel deals with this war is the most sensitive issue and whether it intervenes in it will greatly affect the future reaction of the Arab world.

By declaring the dispatch of a medical team and our support for the United States, we have announced to the world that we are siding with the multinational forces. This being the case, we should be able to logically explain that the war is not contrary to the nationalistic sentiments of Arabs, but that it arises from our position of not tolerating Husayn's methods—"annihilating a state by the force of arms."

Since the Persian Gulf is a strategic vantage point which we cannot ignore for economic reasions, we, as a member of the world system, should discharge our duty where we can. Also, we should refrain from indiscriminately involving ourselves in the conflict without precisely calculating our interests. What is more, we should never fail to pay attention to the northeast Asian situation and North-South relations.

What is important is the maintenance of the peace of mind of the government and the people. Anxiety should be prevented . Even if oil prices rise, we should show the calm attitude of withstanding our difficulties as in the past. Availing ourselves of this occasion, we should realize how vulnerable our comparative affluence is to trouble in the Middle East. Thus, we can learn a lesson from the question of "war and peace" in the Middle East.

'Business as Usual' Attitude on War Stressed

SK1801131991 Seoul HANGYORE SINMUN in Korean 18 Jan 91 p 2

[Editorial: "War in the Persian Gulf and Our Attitude—We Should Continue Our Effort for Democratic Devlopment in a Manner of Business as Usual"]

[Text] Despite global concern, war finally broke out. At 0900 on 17 January (local time in Korea) the multinational forces led by the United States began bombing Iraqi Air Force bases, missile bases, and communications and logistical facilities in Iraq and Kuwait with fighter-bombers and missiles. According to news reports on war coming in fragments from Baghdad which has become a sea of fire, Iraq has so far offered scant resistance during the preemptive strike by the multinational forces. However, if Iraq goes so far as to blow up oil fields, use chemical weapons, and attack Israel as promised early on, the situation may develop into an unexpected phase. This is a possibility we cannot rule out as yet. This notwithstanding, many military experts believe that the war will end shortly given the multinational forces' superior fighting power and firing capabilities and that the United States and its allies will emerge as the victor.

People seem to view the war, which is being fought between 540,000-strong Iraqi forces and 670,000-strong multinational forces, a war in which all manner of high-technology weapons and 'weapons of extremity' are mobilized, in different perspectives depending on which side they stand on. Those who support the United States say that the war is the price to pay for punishing a dictator determined to wield hegemony, arguing that "a better world will emerge from the heap of war ashes." However, those who view the military intervention by the United States as an expression of another form of hegemonism criticize the United States, which is bent on using the force to settle the crisis in the Persian Gulf by separating it from the Middle East question as a whole, in ethical terms.

We, who have already strongly questioned whether the United States has the right to plunge the whole world into "a great recession" in order to defend its national interest or not, regret the fact that the United States went to war directly, brushing aside a French offer for mediation. Since it is impossible to reverse what has already started moving, we only hope that the war will come to an end at the earliest possible date with less casualties than expected. This is because we would like to avoid wasting national energy over the issue of whether to send in combat troops to the Persian Gulf or not. We have already sent an army medical team to that region and are expected to pay $220 million in economic aid.

Now that the war, which had seemed to be a distant possibility, has become a reality, we have no choice but to take practical measures in a hurry to cope with the realities. There is no question that the emergency measures taken by the government in anticipation of war should be put into practice, effectively and immediately. In particular, priority must be given to an effort to keep the supplies of such major items as petroleum flowing satisfactorily. What counts most in this regard is that we should maintain our "business-as-usual attitude." We cannot afford to allow the war in the Persian Gulf to reverse the course of democratic development, including the amendment of evil laws and the elections of the local autonomous assemblies.

Price Hikes, Export Slump Expected From Crisis

SK1701090091 Seoul YONHAP in English 0755 GMT 17 Jan 91

[Article by Kim Hyong-kun: "Energy-Saving Programs Follow on the Heels of Gulf War"]

[Text] Seoul, Jan. 17 (OANA-YONHAP)—The much-feared arrival of war in the Persian Gulf will be a severe blow to South Korea, where the economy is built on exports and all oil is imported.

Government and business, as a result of a desperate search for ways to offset the damage of war, have come up with plans to cut its impact to a minimum.

Supplies of crude oil are the top concern as Korea imports 70 percent of its needs from the Middle East, with 56.6 percent of that, or 547,000 barrels a day, coming from nations directly or indirectly involved in the war.

In order to ensure a stable supplies, the Energy and Resources Ministry has told oil companies to meet shortages with purchases on the spot market and from non-Mideast producers in the United States, Latin America and Southeast Asia.

Korea had oil reserves of 107 million barrels at the end of 1990, including 32 million barrels now en route to the nation, or enough to sustain demand for 93 days. Within a week, the government plans an across-the-board hike in fuel prices of about 20 percent in conjunction with strong nationwide energy-saving measures.

The first stage is to reduce oil consumption 10 percent by curtailing early morning and late evening television broadcasts and banning home use of kerosene in big-sized boilers. Other steps include pulling cars and buses off the road once every 10 days—except taxis, city buses, trucks, police cars, fire engines, ambulances and mail vehicles—prohibiting use of neon signs and blackening every other street lamp.

In the second stage, if war continues beyond the one-month expectation, the number of cars on the road will be reduced about 20 percent and private and chartered buses 50 percent. Kerosene for home use will be rationed and electricity will be cut off two hours a day to homes and one hour to industrial users.

A second big concern is that war will undermine not only exports to the Middle East but also to other regions of the world in the wake of oil price hikes and raw material shortages, leading to an economic slump. According to government estimates, an additional trade deficit of 5.6 billion dollars is expected to result from the rise in oil prices and drop in exports, putting the nation's total trade deficit this year at 12 billion dollars.

Since the Iraqi occupation of Kuwait in August last year, Korea has lost 200 million dollars in exports to the Middle East out of annual exports to the region of over 2 billion dollars. General trading firms and other exporters are halting all shipments to the region and will check the situation daily. They are planning to send sales missions to the area as soon as the war ends in preparation for a post-war boom in demand for daily necessities.

No business has a bigger stake in the Middle East than construction, with many construction projects scattered around the oil-rich countries, including Iraq and occupied Kuwait. Due to the war, the companies that pulled employees out of the countries and left construction equipment behind will suffer a combined loss of 1.035 billion U.S. dollars, including deferred payment for construction of 67 million dollars.

In Iraq alone, four construction projects worth 775 million dollars were suspended and the loss will increase as the war is likely to affect Saudi Arabia, one of the major markets for the Korean construction business. Due to recent oil price hikes, the Middle East countries could have paid their bills and placed new orders, signalling another Mideast boom, if it had not been for the war, an industrialist said. If war drags on, the companies will face another hardship, a labor shortage, for many local and foreign workers are likely to refuse to work under the "dangerous" circumstances.

The petrochemical industry will be another victim of the war as the price of naphtha, a basic raw material for the industry, is expected to soar soon to 500 dollars a ton from 300 dollars in November. Most factories have an inventory of naphtha to sustain them for a month, but after that many will have to shut down or reduce operations because of the naphtha shortage. Collapse of the industry would to have a domino-like effect of hiking prices of petrochemical products, man-made textiles, plastics and various manufactured goods.

North Refuses Letter on Parliamentarian Meeting

SK1701090891 Seoul YONHAP in English 0843 GMT 17 Jan 91

[Text] Seoul, Jan. 17 (YONHAP)—North Korea refused to accept a letter concerning the 85th General Assembly of the Interparliamentary Union (IPU) from South Korea Thursday.

Yang Hyong-sop, chairman of the Supreme People's Assembly, sent a telephone message to his Southern Counterpart, Pak Chun-kyu, saying he would inform him later of a date on which he would receive the letter related with the IPU meeting, set for April in Pyongyang.

Pak told Yang Wednesday he would send the letter, addressed to Yang, through the truce village of Panmunjom Thursday. The action appears to be linked to the South's refusal to accept a North Korean letter proposing a "national unification consultation conference," NAEWOE PRESS, Seoul's specialized watcher of North Korean affairs, said.

North's Participation in Siberian Ventures Sought

SK1701014391 Seoul THE KOREA TIMES in English 17 Jan 91 p 2

[Text] Deputy Prime Minister-Unification Minister Choe Ho-chung said yesterday that his agency would seek joint participation with North Korea in the development of Soviet Siberia.

In a report on his ministry's policies for this year to President No Tae-u, he also disclosed plans for cooperation with the Soviet Union and China for advancement into North Korea's special economic zone as part of the steps to help the communist North open its doors to the rest of the world and implement reforms.

By making the most of diplomatic breakthroughs in socialists countries, all longtime friends of the North, the South will push ahead with its long-cherished proposal for a summit meeting between No and North Korean President Kim Il-song. The Unification Board will renew its strong demand for the resumption of Red Cross contacts to bring together dispersed families.

It will attempt to turn uninterrupted moves by students in South and North Korea to get together for academic fora into constructive endeavors as students" activities in the South are usually directed to political rallies for reunification.

With the head of the Unification Board having his post upgraded to the level of deputy prime minister from this year, Choe cited the need to convene meetings of ministers in charge of affairs involving North Korea or reunification regularly. The vice unification minister, meanwhile, will chair a similar sitting of vice ministers, if necessary. The relevant agencies will include the Agency for National Security Planning, and Foreign and Defense Ministries.

Minister Briefs Lawmakers on Military 'Alert'

SK1801095591 Seoul YONHAP in English 0919 GMT 18 Jan 91

[Text] Seoul, Jan. 18 (YONHAP)—Defense Minister Yi Chong-ku told a National Assembly hearing Friday that South Korean forces are on alert in preparation for the eventuality that North Korea launches a military provocation under cover of the Gulf war.

"We can scarcely rule out the possibilty that North Korea will speculate there is a military vacuum on the Korean peninsula due to the Gulf war," Yi testified before the National Assembly Defense Committee. "The national forces are keeping tabs on North Korea's military movements and are prepared for both all-out and localized hostilities." North Korea might attempt an attack on five border islands or across the demilitarized zone, or it might simply step up its border loudspeaker announcements into the South, he said.

There have been no unusual activities in North Korea, but some units have been recalled from field exercises and there was an emergency strategy meeting. "But they might misjudge that the dispatch of U.S. forces to the Gulf will leave a blank in U.S. military operations," he said. "We are stepping up vigilance for all possible occasions." Yi said the Army was in close contact with the Korea-U.S. combined forces command and that the joint chiefs of staff had set up a risk control mission.

The Army is checking the southern exits of the North Korea-built tunnels under the demilitarized zone, periodically probing the operational command and raid warning communications networks, and keeping up the aircraft operating rate.

Conclusion of Series on Former North Commander

Yu Song-chol's Testimony Part 19

SK1301083691 Seoul HANGUK ILBO in Korean 30 Nov 90 p 10

[Part nineteen in a series by Yu Song-chol, former Operations Bureau Commander in the North Korean Army, co-written with Yonsei University Professor Choe Pyong-kil: "My Testimony"]

[Text]**Onward to Seoul After Much Deliberation Following Receipt of an Invitation to Visit South Korea**

I returned to the Soviet Union after my first visit to North Korea in thirty years filled only with disappointment. Upon my return, an invitation to visit South Korea was awaiting me.

As I briefly explained earlier, the invitation was from MBC [Munhwa Broadcasting Company] Television for me to attend the commemoration of the fortieth anniversary of the Korean war.

I deliberated for quite some time after receiving the invitation. Frankly, for a long time I have wanted to visit the other half of my fatherland, South Korea. This desire stemmed both from an increased cognizance of South Korea's development which I gained though watching the 1988 Seoul Olympics, as well as from the subsequent process of increasing intercourse and exchanges between the Soviet Union and South Korea.

Even so, in spite of the fact that times have changed, the fact cannot be denied that I am a "war criminal" who led the 25 June southern invasion which inflicted extraordinary destruction on South Korean society. Thus, I was unable to transform my dream of visiting South Korea into reality. I also vacillated out of concern that visiting South Korea was simply a means of getting revenge for being expelled from North Korea.

After much anguishing, I decided to visit South Korea. I also felt a sense of duty, after seeing North Korea's version of history inundated with falsehoods and exaggerations. The need to correct this distorted version of history also played a major part in my decision. Furthermore, since I am now over seventy years old and my body is no longer in prime condition, I was also concerned that if I did not take this opportunity to visit South Korea, I could not guarantee that I would have another one.

In the midst of my deliberations, I received yet another invitation from Yonsei University professor Choe Pyong-kil, whom I had gotten to know earlier via telephone. With this invitation, I began to prepare in earnest for my visit to South Korea.

Perhaps because they were not agreeable to my visiting South Korea, the Soviet authorities did not intend to provide me with a passport. However, after mobilizing several different "means," I finally was able to receive a passport around August 1990.

Of course, North Korea was also working at preventing me from visiting South Korea. Han Si-hae, deputy chairman of the North Korea's Fatherland Peaceful Unification Committee, came to Tashkent to visit me in early August and strongly urged that I not to go to South Korea.

My wife and I used Han's visit as an opportunity to harshly criticize the falsehoods which we observed during our visit to North Korea. I presented several examples of the distortion of history which I saw there, pointing to the false propaganda that Kim Chong-il was born in a secret camp at Mt. Paektu. Han Si-hae replied, "What does it matter where his umbilical cord was cut? What is wrong in saying that he was born in Mt. Paektu as a symbol of the revolution?", indirectly admitting the distortion.

My meeting with Han Si-hae naturally ended in a tense atmosphere. As he left, Han warned me, "Bear in mind that if you go to South Korea, you will become a 'traitor'."

After enduring all of these vicissitudes, my wife and I finally entered Seoul on 15 October 1990.

It was exactly forty years and four months since I had first set foot in Seoul as the Korean People's Army [KPA] Operations Bureau commander.

As I entered South Korea, I was extremely uneasy due to a guilty conscience. When we finally arrived, however, a good number of people gave us an unduly warm reception.

We traveled throughout the various regions of South Korea and met many people for 20 days, until we departed country on 5 November.

Living in the Soviet Union where everything is in short supply, the sight of South Korea's abundance and development was simply astonishing. It was also a good comparison with North Korean life which we had seen four months earlier.

As I wandered around Seoul, I tried to recall some of my memories of the streets of Seoul. I was simply too overwhelmed, however, by the drastically changed appearance of the city.

The only places which I could recognize were the Capitol Building (the current National Museum of Korea) and City Hall.

However, even the Capitol Building had changed. Unlike before, the Kwanghwamun [Kwanghwa Gate] was erected in front of the Capitol Building, it and the surroundings were also entirely different. As I looked at the Capitol Building, I reminisced about my younger days at the KPA Front Line Command which was established in the Capitol Building, those days when we were filled with confidence as both the liberators and occupiers of South Korea.

There I was, standing once again in front of the Capitol Building. Only this time it was with an unhealthy body, a stutter—a wretched figure.

I thought to myself that my appearance symbolized the moral and historical defeat in the Korean war.

If I had to list the most impressive places I saw during my visit to South Korea, they would include the Namdaemun [South Gate] Market, the Ulsan Hyundai Automobile Factory, and the Independence Hall in Mokchon.

My first surprise was at the sight of various consumer goods piled high at Namdaemun Market. I was also unable to hold back my admiration at the superior quality of the goods with which Soviet-made products cannot even compare.

When we went on the tour of the Hyundai Automobile Factory, I was greatly impressed by the sight of machines making machines (automobiles).

My wife and I paid particularly close attention to historical remains during our trip. This was partially because of the shock we received at the distortion of history in North Korea.

While we traveled around Independence Hall and several ancient palaces, I could see that South Korea was endeavoring to preserve historic relics of all ages, while striving to appraise and assess history objectively.

However, there was one point which I was disappointed with during our visit to Independence Hall. There were almost no records or data concerning the many communists who participated in the anti-Japanese independence movement. Even though they are indeed the enemies of South Korea, it is my belief that one must recognize the historic fact that in the past, these communists occupied a major portion of the anti-Japanese independence movement.

The most painful moment during my visit to South Korea was when I paid respects at the National Cemetery.

Seeing first-hand the graves of the numerous soldiers who were sacrificed in the Korean war reawakened my sense of guilt, which remains deep in my heart. I could not bear such feelings. As I looked at the tombstones one by one, I repented with all my heart to all the young heroes of the war who lie asleep with deep bitterness buried in their hearts, and I repented as well as to the parents, brothers, and sisters filled with grief and sorrow whom they left behind.

As I departed the National Cemetery, I signed my name in the visitors register with the words "I sincerely pray that a peace without war will take root eternally in this land." Even now I pray for this.

After going to the National Cemetery, I was so upset by the experience that my stomach was upset for some days.

We must quickly reunify, even if only to ensure that such a national tragedy never repeats itself.

While I was staying in South Korea, I heard that a team of high-level representatives from South Korea visited North Korea and had met with Kim Il-song. I was really delighted to hear this news.

I do not believe that Kim Il-song wants peaceful unification, however. I was even more convinced of this during my May 1990 visit to North Korea. The reason that North Korea currently refuses South Korea's proposal for across-the-board exchanges is that the difference in economic strength between North and South Korea is so severe, and the Kim Il-song cult of personality which is so full of fiction and lies would fall apart instantly. That is my conclusion.

Having directly experienced the tightly controlled society of North Korea myself, I have forecast that the Kim Il-song regime can last no longer than five more years.

Kim Il-song can no longer run against the tide of the era of opening and freedom, as can be seen in events in the Soviet Union and Eastern Europe. Kim Il-song's conciliatory attitude, which he has displayed recently in contacts with South Korea, is precisely attributable to this reason.

However, it is inevitable that such moves will be apparent only on a limited scale at first, considering the character of Kim Il-song's regime.

I would like to say that if Kim Il-song truly wished to promote peaceful unification for the future of our people, then he first must start with correcting the distorted history of North Korea. Also, he must rehabilitate the many North Koreans who have been falsely accused and purged for the sake of his one-man rule. How can Kim Il-song, unable to relieve these individual's deep-seated grudges, effect the unification which is the long-cherished desire of our people?

As a comrade who fought with Kim Il-song in the anti-Japanese movement, I would like to sincerely request to Kim Il-song that he return to the genuine patriotism of that era and throw away his personal greed, devoting himself to the unification of our nation. This is the last word I wish to leave behind as I conclude my testimony.

Summary of Yu Song-chol Testimony

SK1301093991 Seoul HANGUK ILBO in Korean 1 Dec 90 p 10

[Synopsis of the nineteen-part series by Yu Song-chol, former Operations Bureau Commander in the North Korean Army, co-written with Yonsei University Professor Choe Pyong-kil: "Exposing the Veiled 'Past of Kim Il-song'"—first paragraph is newspaper's introduction]

[Text]**Following the Conclusion of the Serialization "Yu Song- chol's Testimony"**

The nineteen-part serialization by the former North Korean People's Army [KPA] Operations Bureau Commander Yu Song-chol entitled "My Testimony," which began on 1 November 1990 and captured the enormous interest and response of our readers, concluded with its final installment on 30 November. Yu's testimony shed new light on the birth of the Kim Il-song regime and on the Korean war. Yonsei University Professor Choe Pyong-kil (North Korean political administration), who co-authored the series with Yu, will try to assess the historical significance and importance of the series in the following contribution.

Properly understanding North Korea is an important undertaking which must be accomplished before addressing what is emerging as the largest issue our nation is facing today—unification.

There is no need to readdress the fact that in trying to understand North Korea, an objective examination of North Korea's past history is no less important than looking at conditions in North Korea today.

Within this context, Yu Song-chol's testimony, serialized here in the HANGUK ILBO, has indeed been a valuable probe of history. It has contributed to a more precise understanding of North Korea today by exposing the numerous hidden secrets of the process of the establishment of Kim Il-song's regime.

The greatest harvest this testimony produced is the detailed disclosure for the very first time of Kim Il-song's activity during the early half of the 1940s. While there anti-Japanese partisan movement in Manchuria in the 1930s, nothing had been known about where or what Kim was doing in the early 1940s until his appearance in 1945, along with the Soviet Forces. Additionally, Yu provided a clearer insight into to the nature of the Kim Il-song regime in its early stages by looking at the background of how, among numerous communist leaders and factions, Kim Il-song alone rose to be the leader of North Korea after entering Pyongyang, how he subsequently caused dissension among each faction, and then how he eliminated them in his distinctive process of grabbing power.

Yu also provided a valuable service in confirming various facts surrounding the actual circumstances, motivations, operational concept, and management of the Korean war by focusing on those individuals responsible for the war. On the one hand, we were genuinely surprised to learn that the Soviet Union had been infiltrating intelligence agents into the Korean peninsula from as early as the Japanese colonial period, ascertaining details concerning Japanese colonial rule, military movements, and the domestic situation in Korea. Another noteworthy point is that the Soviet Union had deployed military advisor teams all the way down to the KPA company level, where they provided coordination and management. Finally, it was also learned for the first time that from the early stages of the Korean war, China was keeping extremely close tabs on the battle situation in Korea.

Looking at these facts, we see that Kim Il-song is certainly not a person whom we can afford to underestimate. As long as he is alive, there is a strong possibility that in North-South Korean relations, Kim will use the same methodology in his approach toward South Korea as he displayed in his skill of consolidating power in the past. Therefore, we must be careful in discussing issues of reunification with North Korea at a nationalistic level, using simple emotional logic. Even though China and the Soviet Union are joining the Pacific Northeast Asia economic circle in the post-cold war era, their acute, invisible, traditional intelligence collection and surveillance in the Korean peninsula must be constantly reiterated.

Kim Il-song was born on 15 April 1912 in Chilgol, Ha-li, Taedong- kun, Pyongannam-to. Kim Il-song's father, Kim Hyong-chik, taught Chinese classical literature at his alma mater Sungsil Middle School and also worked as a Chinese herbal doctor. Kim Il-song's mother, Kang Pan-sok, was a Christian deaconess. Kim Il-song, originally named Kim Song-chu, was the eldest of three boys and one girl. His brothers include Kim Chol-chu, now deceased, who was a past director of the Worker's Party of Korea [WPK] Organization and Guidance Department, and Kim Yong-chu, who was a North Korean representative on the North-South Coordinating Committee. He also has one younger sister.

As for Kim Yong-chu, it is also said that he worked as an

Yong-chu fled there from the guerrilla unit he was with after Kim Il-song told him, "Even if only you are able to do so, go on and carry on the family line." Yu Song-chol's testimony here informed us that Kim Yong-chu spent the early half of the 1940s in Hawaii and returned to country after liberation, going through Inchon and Seoul on his way to Pyongyang.

Kim Il-song crossed over into Manchuria in 1926 at the age of fifteen and entered the Yukmun [spelling as transliterated] Middle School in Kirin, which was a junior middle school. A few days before graduation he was sought by the Japanese police in connection with the Korea Communist Youth Association incident and quit school. Kim began his partisan activities at the age of nineteen. Later Kim became involved in the Kirin Province Korean Communist Youth Association. This organization was closely linked to the General Federation of Communist Youth, which was under the command of the Yi Tong-hui's Koryo Communist Party. Yi's Koryo Communist Party was relatively large scale compared with the various communist party organizations composed of Koreans formed in the Russian territory following the Russian communist revolution of 1917.

Under the one-country, one-party principle of the Communist Party of the Soviet Union, the Korean Communist Party was not recognized, however. Kim Il-song therefore entered the Chinese Communist Party led by Mao Zedong on his own, and became a military unit commander, leading about two hundred Korean soldiers as the 6th Division commander of the North East Anti-Japanese United Army. In 1940, when pushed back by the Japanese punitive forces, he went to Bayachuk near Khabarovsk.

The above information is a known fact even within academic circles. It has been confirmed by Japanese Overseas Police historical archives, CPC Central Committee records, and the testimony of people like Chang Su-chon and Chu Po-chung, who worked as a cadre of the CPC in Manchuria in close cooperation with the Korean Communist Party.

However, Kim Il-song's activities after this had been hidden behind a veil of secrecy until Yu Song-chol's testimony. We learned that from 1940 at the age of 29 until 1945, Kim was active as the First Battalion commander in the 88th Independent Special Sniper Brigade directly subordinate to the Soviet Far East Command. There he received the training which would prepare him to become the leader of the communist party in North Korea.

From the aspects of both character and physical strength, Kim Il-song was a political soldier more than a professional career soldier. He had more of an interest in organizational matters than in guerrilla or conventional warfare training.

Kim Il-song followed the Soviet Forces into Korea, landing at Wonsan on 21 September 1945. One month later, on 14 October, he rose to become the leader in fact as well in name at the Pyongyang citizens welcoming ceremony. Until then, Kim primarily concentrated on closely cooperating with the upper levels of the Soviet occupational forces, occasionally throwing banquets for them. His logic was that of simple, unconditional allegiance to his Soviet military comrades, compared with the complex logic employed in response to the political situation by such people as Pak Hon-yong of the South Korean Worker's Party, Kim Tu-pong of the Yenan faction, and Ho Ka-i of the Soviet faction.

Accordingly, the Soviet occupation forces headquarters focused their attention on Kim Il-song, who would be easier to control than the others, as the leader of North Korea. They directly contacted Stalin's right-hand man Chudanov [as transliterated] and easily established Kim Il-song as the leader of North Korea.

There were as many as 25 partisans directly affiliated with Kim Il-song who worked with him with the Manchurian anti-Japanese partisans and at the 88th Brigade in Khabarovsk. These partisans were the advance guard who made it possible for Kim Il-song to grab power under the aegis of the Soviet Forces. With the exception of An Kil, So Chol, Yim Chun-chu, and Yi Tong-hwa, the rest of these partisans were nearly illiterate, with some even having dropped out of elementary school. Thus, there was no ideological discord between them and Kim Il-song, they could not become a power who could challenge him, and none of them could survive on their own in case of a break-up. They formed an operational action group which served at Kim Il-song's beck and call. Even after Kim Il-song grabbed power, they exercised their power as Kim's thugs, assassinating opposing factions within the party, security organizations, and military. In the end, the Kim Il-song regime developed the character of what was essentially a military government, effectively utilizing Kim's keen stratagem in employing the backing of the Soviet Forces, the terror and surveillance tactics of a minority of partisan subordinates, and, at the opportune time, eradicating opposing factions.

While being supported by the Soviet Forces, Kim Il-song mobilized these partisans and displayed his astute political tactics by creating dissension among the different factions. On a personal level, Kim would hand out special promotions and assignments in order to court his opponents' favor. Then, at the moment they became careless or inattentive, he would either purge or remove them like a lightning bolt out of the blue. He did this to Cho Man-sik before the war, Pak Hon-Yong during the war, to the Yenan faction after the war in the middle part of the 1950s, and to the Soviet faction in the early part of the 1960s.

Accordingly, it is necessary to pay sharp attention to Kim Il-song's skills in eradicating his enemies as well as his practical political strengths in approaching future North-South exchanges, various talks, and efforts toward unification. As long as Kim is alive, there is a limit to North-South contacts at a purely nationalistic level which depend on humane justice, humanitarian, or normal procedures. Close attention needs to be paid by South Korea in approaches to North Korea's unpredictable, irregular politics.

Additionally, Yu Song-chol's testimony has divulged the innate interest shown towards the Korean peninsula in the past by both the Soviet Union and China, as well as the processes through which they intervened in Korean affairs. We saw how Yu Song-chol was commissioned as an officer at the Reconnaissance School directly subordinate to the Soviet Supreme Command, after which he received orders in the summer of 1943 to infiltrate into Wonsan and to make contact with Soviet and Korean intelligence agents who were secretly operating in Korea to obtain intelligence data and return to the Khabarovsk Soviet Forces Far East Command. We also learned that in the 1930s and 1940s, there were a good number of intelligence agents in the Soviet Consulate in Seoul, as well as active underground. Close attention must be paid to both of these passages presented by Yu within the context of today's Korean-Soviet relations or the political situation in the Far East.

The Soviets dispatched military advisor teams down to the company level in the KPA. On the political side, the supreme advisory role in the infancy of the North Korean Government was played by the Lieutenant General Sutikov, Soviet Forces Far East Command political commissar, and Major General Lebedev, political commissar of the 25th Division, the occupying forces in Pyongyang.

With the foundation of the KPA and the outbreak of the Korean war, full-scale military advisory activities were launched. The head of the invited military advisory group was Lieutenant General Bashilev, while Major General Postunikov was the chief of staff. These two were the authors of the preemptive strike operational plan. They were replaced when they were blamed for an error in judgment in thinking that the battle situation at the front lines in the early stages of the war was like that of the tank warfare seen in the Ukraine Plain. As the war entered its final stages in late 1951, the Soviet Army Group Commander Lieutenant General Lachupaev was ordered to Korea to serve concurrently as the Soviet ambassador to Korea and the overall advisor team commander, with Major Sochinov as the chief of staff as the war concluded. [spelling of Russian names as transliterated]

As for China, from the early stages of the Korean war, they kept apprised of the military developments of both North and South Korean forces, receiving detailed reports. When Yu Song-chol went to visit Mao Zedong's office in Beijing to request assistance from China, the fall of Pyongyang was already indicated in red on the situation map posted in Mao's office, reflecting the latest intelligence which had come in. There are strong suggestions that advance units of the Chinese People's Volunteers were already crossing the Amnok River at the moment the decision was made to dispatch troops to Korea.

Kim Il-song, Pak Hon-yong, and an extreme minority of the leadership in North Korea proposed the Korean war to Stalin and received his permission. In the early stages of the war, the KPA depended on the Soviets as they conducted the war in accordance with the preemptive strike operational plan which Soviet soldiers had drafted for them. In the latter half of the war, North Korea depended on the Chinese forces to fight the war. This fact becomes very clear in Yu Song-chol's testimony.

Professor Tikominov, former deputy director of the International Bureau of the CPSU and head of the Korean section of the East Asia Research Institute, commented that records existed in the CPSU Central Committee archives on the large number of communist parties composed of Koreans which were formed throughout the Usuri region, Khabarovsk, and Vladivostok in an attempt to win independence from Japanese colonialism by relying on the communist revolution in Russia. Also, records on Kim Il-song's rise to power, the original Korean war operational plan, and numerous diplomatic documents that were sent between Moscow and Pyongyang are also held in the archives. Bearing this in mind, we must examine more deeply the various fields of relations with communist bloc countries within the wider context of modern and current Korean history.

Soviet Union Agrees To Hold Trade Talks

SK1701125791 Seoul YONHAP in English 1218 GMT 17 Jan 91

[Text] Seoul, Jan. 17 (YONHAP)—South Korea and the Soviet Union Thursday agreed to hold their first trade ministers meeting in Moscow in October. The agreement came in a committee meeting of the second-round Korea-Soviet economic cooperation consultations which opened on Thursday. Seoul and Moscow established diplomatic relations on Sept. 30 last year.

The consultation, following the first which was held in Moscow last year, will continue through Jan. 22. Kim Chong-in, senior presidential secretary for economic affairs, leads the Korean delegation to the conference designed to promote bilateral economic and trade cooperation. The Soviet team is headed by Yuriy Maslyukov, first deputy prime minister for economic affairs.

In the meeting of the Trade-Investment Committee, the two sides agreed on the first trade ministers' meeting and intensively discussed Korea's supply of 63 commodities to the Soviet Union and Korea's participation in 11 industrial projects in the Soviet Union. The other committees are respectively discussing Korea's economic aid to the Soviet Union, joint development of Soviet natural resources, fisheries cooperation and science-technology cooperation.

Vice Trade and Industry Minister Pak Yong-to led the Korean delegation at the trade-investment panel while the Soviet team was headed by V.I. Ogarok, vice chairman of the Gosplan [State Planning Committee]. The Korean side presented lists of the commodities that

Korea can or cannot provide with the Soviet Union and projects suitable for Korean participation. Korean and Soviet officials agreed to hold a separate meeting in a short period of time to discuss detailed matters.

Of the 63 items asked by the Soviet Union, the Korean side said that it can fully accept the Soviet request as for 33 items, including refrigerator, and partly accept as for 19 items. But it said it would be hardly able to provide the remaining items to the Soviet Union.

Of the 11 industrial projects the Soviet side has produced as areas for Korea's investment, eight, including the manufacturing of video cassette recorders and video camera-recorders, can be participated by South Korean businesses, it said.

The two sides agreed to cooperate with each other for a smooth start of the construction of the Korea-Soviet Union Trade Center in Moscow in October this year. The Korea Trade Promotion Corp. (Kotra) is promoting the construction of the trade center.

Auto Exports to U.S. Decline, to Others Rise

SK1501013191 Seoul THE KOREA TIMES in English 15 Jan 91 p 8

[Text] Korea exported 347,020 cars last year, down 2.5 percent from 1989, with a 15.9 percent decrease in exports to the United States, the Korea Auto Industry Association said.

Exports to the United States were 196,286 units in 1990.

The U.S. share of Korea's car exports declined to 57.8 percent last year from 67.2 percent the previous year.

In exports to the American country, Hyundai suffered an 8.8 percent setback to 122,282 units, Kia a 29.1 percent decrease to 46,987 units and Daewoo an 18.4 percent slide to 27,017 units, the association said.

In contrast, car exports to other areas rose at a double digit rate.

Shipments to Canada increased 25.6 percent to 54,888 units, those to Europe, including East European countries, 23 percent to 29,605 units and those to Asia, South America and other areas 27.6 percent to 58,662 units.

Canada's share of Korea's car exports rose 3.6 percentage points to 16.2 percent, that of Asia, South America and Africa 4.1 points to 17.3 percent and that of Europe 1.8 points to 8.7 percent.

Hyundai's exports to Canada soared 40.4 percent to 47,139 units last year thanks to its plant there and its shipments to Europe also increased 40.2 percent to 29,605 units.

Kia's new market exploring efforts paid off when its shipments to areas other than the United States, Canada and Europe increased 75.8 percent to 27,088 units.

Daewoo enjoyed a 25.7 percent rise in exports to Canada, with 2,302 units shipped to the country.

Ministers Target Housing, Subways in 1991 Plan

SK1501022991 Seoul YONHAP in English 0146 GMT 15 Jan 91

[Text] Seoul, Jan. 15 (YONHAP)—The government is preparing plans to discourage the use of private cars, extend subway systems and introduce double-decker buses, cabinet ministers reported to President No Tae-u Tuesday.

Relevant ministries are also pursuing social welfare programs that range from full scholarships to vocational high schools for children from disadvantaged families, free lunches for more than 273,000 elderly people and the construction of 500,000 housing units by the end of the year.

The report on plans to improve living conditions in Korea this year was submitted to No by Construction Minister Yi Sang-hui, Health and Social Affairs Minister Kim Chung-su, Transportation Minister Yim In-taek, Environment Minister Ho Nam-hun, Patriots and Veterans Affairs Minister Min Kyong-pae and Seoul Mayor Pak Se-chik.

The Transportation Ministry is to build 548.9 kilometers of subways in six major cities by 2001. In Seoul, an additional 113 kilometers of subway lines will be completed by next year and 51.5 kilometers more the following year. The southern port city of Pusan will have 118.1 kilometers more by 1995. While discouraging the use of private cars, the ministry is to expand public transportation. The Seoul City Government will add 336 subway coaches and experiment with double-decker buses.

The Construction Ministry pledged to provide 500,000 housing units within the year and computerize its distribution system to ensure that they go to the needy. Loans to home renters will be increased to 445 billion won (622.4 million U.S. dollars) this year. The Health and Social Affairs Ministry is planning to provide full tuition for vocational high school students from low-income and disadvantaged families. The ministry is to set up 22 soup kitchens across the country to give free lunches to some 273,000 elderly people, and will provide free medical tests for cerebral palsy on 30,000 newborns.

The Environment Ministry will increase public understanding of the environment by distributing easy-to-read books and launching a cleanup of 15 heavily polluted rivers. The Ministry will complete nine sewage plants and 39 processing plants for polluted water by the year-end.

Seoul will pitch in to the environmental drive by replacing 462 kilometers of worn-out water pipes and increase the city gas supply rate from 22.2 percent to 25.7 percent. City Hall will supply liquefied natural gas instead of bunker C oil to some 1,330 mid- and large-sized buildings and to 49 apartment complexes to reduce air pollution.

The Patriots and Veterans Affairs Agency will increase pensions for veterans from 150,000 won (209 dollars) a month to 250,000 won (349 dollars) and designate 26 civilian hospitals to treat war injuries.

Prime Minister-Designate Interviewed

SK1501014791 Seoul YONHAP in English 0045 GMT 15 Jan 91

[Text] Seoul, Jan. 15 (YONHAP)—Prime Minister No Chae-pong, reaffirming the government's commitment to fair local elections, warned Monday that election laws will be strictly enforced.

No, named prime minister by President No Tae-u on Dec. 27 but yet to be approved by the National Assembly, told Yonhap News Agency in an interview that concrete measures for fair elections would be announced soon by various government agencies. "The government has been collecting evidence of illegal electioneering nationwide since last year-end. Considering the impact of the local parliamentary elections on the nation's democratic development and socio-economic development...the government will take stern measures against those who are found to have engaged in illegal campaigns, regardless of their positions," No said.

"The local elections should be aimed at people's autonomy, literally, and should not turn into a fight for political power...the government is firmly resolved to conduct the elections in a fair manner and related Ministries will soon announce concrete measures."

No said the Persian Gulf crisis had added to the tension on the Korean peninsula, where "the climate of cold war lingers on," because a dispute in any part of the world has the potential to leave a power vacuum here. On the possibility of dispatching Korean combat troops to the Gulf, No said, "There is nothing more to be said than what President No Tae-u said in his new year press conference—we have not been requested to send combat troops, nor have we ever considered sending them."

Korea is expected to dispatch a 154-member military medical team to Saudi Arabia to support the U.S.-led multinational alliance against Iraq. Although No appeared to rule out the possibility of sending combat troops, Defense Minister Yi Chong-ku said at the weekend that the government may dispatch its fighting men to the Gulf if it is strongly requested to by the multinational forces.

Opposition groups, including Kim Tae-chung's Party for Peace and Democracy, oppose sending even military medics to the Gulf, saying that that may lead to the dispatch of combatants and may endanger South Korea, which is confronted by Communist North Korea.

Touching on Korea-U.S. relations, No said bilateral ties were in a more "harmonious state" than ever before. "There is a conflict in the trade sector, but this problem has largely stemmed from misunderstanding," he said.

The Korean economy has been ailing for the past two years, hit by growing inflation, over-consumption, dwindling exports and a weakening manufacturing sector. Private organizations have launched an austerity campaign to curb inflation, but the U.S. Administration has denounced the campaign as being aimed at cutting imports.

"The most urgent task is for us to normalize economic management and restructure the economy, adapting it to the newly emerging society of industrial technology..." "The government has just begun to control public charges at an optimum level to curb inflation," No said. He refused to comment on the controversial issue of amending the constitution to introduce a parliamentary government.

"It is up to the political circles to adopt a system that suits the specific situation of the time. The political circles in our country have already made a decision," the prime minister said.

The president said in his new year news conference that he would not seek the amendment as long as the public was against it. No's ruling Democratic Liberal Party was keen on revising the Constitution to replace the presidential system with a parliamentary system, but shelved the plan in the face of harsh objections from opposition parties.

Ministry Halts Drilling for Gas Off Ulsan

SK1501015191 Seoul YONHAP in English 0129 GMT 15 Jan 91

[Text] Seoul, Jan. 15 (YONHAP)—South Korea has called off its search for gas in the continental shelf off Ulsan, 300 kilometers southeast of Seoul, sources at the Energy and Resources Ministry said Tuesday.

The state-run Korea Petroleum Development Corp. (Pedco) has pulled out its drilling vessel because it was unable to find commercially viable gas reserves in the No. 1 subzone of the sixth mining bloc, the sources said.

Pedco had poured 60 million U.S. dollars into seven test bores in the subzone since 1987 and hit three gas layers, they said.

The corporation is to drill either on the continental shelf or off Cheju and Kunsan this year. It is also expected to drill a test bore off Inchon and conduct geological tests off Mokpo and Masan, they said.

Burma

Khin Nyunt Meets Kachin Leaders on Border Work

BK1601182791 Rangoon Domestic Service in Burmese 1330 GMT 16 Jan 91

[Excerpts] Major General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council [SLORC] and chairman of the Committee for the Development of Border Region and National Groups, accompanied by Commodore Than Nyunt, Navy chief of staff; Brigadier General Thein Win, Air Force chief of staff; Brig. Gen. Kyaw Tint, joint quartermaster general; Brig. Gen. Thaung Myint, commander of the Engineering Corps; Director General of Police San Thein; responsible officials of the office of the SLORC chairman; and directors general and managing directors of departments and enterprises, left Yangon [Rangoon] by a military aircraft on the morning of 15 January and arrived at Lashio Airport at 1315. [passage omitted]

The secretary-1 and his entourage later proceeded to Shweli Yeiktha Hall at the Northeast Military Command Headquarters. Later, the secretary-1 had a meeting with Kachin national leaders headed by (U Ma Htu Law) of the KIA [Kachin Independence Army], who reside in areas under the jurisdiction of the Northeast Military Command, and discussed border development programs.

First, (U Ma Htu Law) of the Northern Shan State KIA, said he has given up the armed struggle and now accepts the government's administration, as well as the supervision of the Defense Services. He requested assistance for the work to develop the border areas and the nationalities.

Replying to the request, Maj. Gen. Khin Nyunt said he was happy to meet, on behalf of the SLORC, Kachin national leaders headed by (U Ma Htu Law). He said that since the taking over of the responsibilities of the state, the SLORC has been safeguarding the interests of the nation where fraternal nationals reside and has been upholding the three key tasks—preventing the state from disintegrating, preventing national unity from disintegrating, and perpetuating the sovereignty of the nation.

In the more than a year that it has been in charge, the SLORC has been developing the border regions and the nationalities, particularly in Kachin national areas, the northern Shan State, the eastern border regions, and the Naga hill region. Millions of kyats have been spent in building roads, constructing hospitals and dispensaries, and opening schools. The SLORC gives priority to the rapid development of the border regions and therefore the nationals should respond in kind by showing loyalty to the government and carrying out the tasks assigned.

Development work for the nationalities will be carried out even if the nationalities did not request it, and development programs will be coordinated here at the meeting. Although Myanmar is rich in natural resources, development work for the nationalities cannot be done because of insurgency and lack of peace. The country did not develop for this reason. Peace and stability are gradually taking hold in the country, and because of this the SLORC has been able to carry out all out efforts in the socioeconomic and constructive tasks of the state in the short period it has been in charge. Incredible successes can be seen from these efforts today.

We have been implementing the three main tasks in the interests of the state and the nationalities and are willing to give up our lives to prevent anyone from disrupting the process.

Next, Commander Brig. Gen. Maung Thint spoke about the tasks to be done to ensure regional peace and development.

Next, Kachin leaders headed by (U Ma Htu Law) said that they would offer their cooperation to the border development work, that they pledge loyalty to the nation, and they would do their tasks dutifully. [passage omitted]

Karen, Mon Insurgents Burn Two Thai Oil Trucks

BK1601153791 Rangoon Domestic Service in Burmese 1330 GMT 16 Jan 91

[Text] Insurgents from the KNU [Karen National Union] and the NMSP [New Mon State party] burned down two oil trucks belonging to TTK Timber Company of Thailand in the Three Pagoda area on 14 January.

A diesel truck which was supplying fuel to machineries of the TTK Company, which was extracting timber near Mezali village in Three Pagoda area, was stopped and burned down by NMSP insurgents at 1350 at a location 10 miles from from Three Pagoda. On the same day at 1740, about 10 KNU insurgents attacked another truck on its way back from supplying fuel to machineries used in the Three Pagoda-Thanbyuzayat construction project. The insurgents used launchers and light weapons in their attack and burned down the truck at a location 36 miles from Three Pagoda village. The driver of the truck, Ko Win Maung, was killed in the attack and a conductor was injured.

Our troops are pursuing the insurgents.

Minesweeping Train Hits Mines on Way to Moulmein

BK1601153991 Rangoon Domestic Service in Burmese 1330 GMT 16 Jan 91

[Text] A minesweeping train for a Moulmein-Ye passenger train hit a mine planted by insurgents on 16 January. The minesweeping train left Ye for Moulmein at 0750 and hit the mine at 0753 near (Zwegalu) village. The mine explosion damaged the floor of the train engine, damaged two rails, and dislocated three carriages. It was learned there was no human injury.

Brunei, Malaysia & Singapore

Malaysia

Parliament Adjourns; Anti-U.S. Protest Noted

BK1801104091 Kuala Lumpur BERNAMA in English 0942 GMT 18 Jan 91

[Text] Kuala Lumpur, Jan 18 (OANA-BERNAMA)—The Malaysian Parliament unanimously agreed to adjourn Friday's session for an hour to discuss a motion on the Gulf war.

Speaker Zahir Ismail allowed the motion, tabled by the opposition Parti Islam Semalaysia (PAS) [All Malaysian Islamic Party] Deputy President Abdul Hadi Awang, when no other MP opposed it.

Meanwhile, in the northwestern island of Penang, more than 300 people staged a demonstration against the United States' role in the Gulf war in front of a mosque.

The demonstrators, comprising members of several organisations, carried placards condemning the United States and Israel and burnt a US flag, amidst shouts of "Allahu akhbar" (God is great).

The demonstration, held after Muslim religious Friday prayers, was peaceful.

On the mainland, in Alor Setar, capital of the northern Kedah state, about 200 members and supporters of an opposition Islamic party held a peaceful demonstration near a mosque.

The demonstrators, carrying placards and posters, protested against the attack of Iraq by the United States and its allies.

Malaysian-Born Chinese Can Visit As Tourists

BK1801100291 Kuala Lumpur International Service in English 0600 GMT 18 Jan 91

[Text] Malaysian-born Chinese who became Chinese nationals before Malaysian independence can visit the country as tourists. Deputy Home Minister Datuk Megat Junid Megat Ayub said the relaxation is effective immediately with the (?approval) by Prime Minister Datuk Sri Dr. Mahathir Mohamed, who is also home minister.

He said they would be allowed to be in the country up to a maximum of 35 days. However, before entering the country, they need to obtain a tourist visa with [words indistinct]. They will be allowed to extend their stay by 20 days, but this will be at the discretion of the Home Ministry.

Incentives for Foreign Investment Extended

BK1701032991 Kuala Lumpur BERNAMA in English 0302 GMT 17 Jan 91

[Text] Kuala Lumpur, Jan 17 (OANA-BERNAMA)—The Malaysian Government has extended for another year the two incentives for foreign investment which expired on December 31 last year.

International Trade and Industry Minister Rafidah Aziz announced Wednesday that foreign investors in the manufacturing sector will continue to be allowed to hold up to 100 percent equity if they export 50 percent or more of their products or employ a minimum of 350 full-time Malaysian workers.

Companies with foreign paid-up capital of U.S. $2 million and above will also continue to be allowed five expatriate posts, including at least one key post.

"Everything that applied in the four years (1986-1990) will apply for another year," Rafidah said. "Changes to this investment policy will only be operational after January 1992."

The main reason for the extension of the two incentives is that the government is still formulating the new policy to replace the New Economic Policy, she said.

The new policy will be used as a guideline in the preparation of the second long-term perspective plan which will be tabled in parliament in June this year.

Singapore

Military Medical Team Dispatched to Saudi Arabia

BK1801090891 Kuala Lumpur International Service in English 0800 GMT 18 Jan 91

[Text] A seven-member Singapore Armed Forces, SAF, medical team leaves for Saudi Arabia this evening to serve in the British Army hospital behind the frontline of the Gulf war. The Foreign Affairs Ministry, in a statement, said the team was being sent [words indistinct] by Singapore in accordance with the UN Security Council resolution.

The team comprises regulars, national servicemen, and [words indistinct].

Cambodia

Phnom Penh Urges Prevention of Pol Pot's Return

BK1701114091 Phnom Penh Domestic Service in Cambodian 1300 GMT 16 Jan 91

[Station commentary: "Effectively Prevent the Return of the Genocidal Regime for the Sake of Lasting Peace in Cambodia"]

[Text] Since the end of the meeting between the cochairmen of the Paris conference on Cambodia and the Cambodian Supreme National Council [SNC], the other Cambodian groups have continued launching slanderous propaganda against the State of Cambodia in an attempt to destroy the new regime's prestige and conceal their own disappointment.

The Sihanouk, Son Sann, and Pol Pot groups loudly and shamelessly announced that the State of Cambodia has used the prevention of the genocidal regime as a pretext for maintaining its power and rejecting the UN peace plan.

But it is known to all that the prevention of the genocidal Pol Pot regime from returning to power is not just a small matter as the Sihanouk and Son Sann groups have thought, but an important element in the Cambodian problem.

In 1989, the second informal meeting in Jakarta clearly defined two key questions of the Cambodian problem, namely the withdrawal of the Vietnamese volunteer troops from Cambodia and the prevention of the genocidal Pol Pot regime's return. By now, all Vietnamese troops had withdrawn from Cambodia for more than a year now, but the measures to prevent the return of the genocidal Pol Pot regime have not yet been clearly and strictly taken. Particularly, Sihanouk, Son Sann, and the countries backing them which have resolutely demanded the withdrawal of the Vietnamese troops have tried to bury this remaining key question and attempted to give the Pol Pot clique a role in the political solution.

The national and international public knows well that although it was toppled in 1979, during the past 12 years the Pol Pot clique has had military, political, economic, and social bases which can become a source of power for it to revive the genocidal regime.

During the past 12 years, staying in a sanctuary with Sihanouk and Son Sann colluding and shielding it, and enjoying the assistance of a number of countries which provide it with aid directly and indirectly, the genocidal Pol Pot regime has continued to be a threat to the Cambodian people's survival.

The only ones who have effectively blocked the return of this genocidal regime are the forces of the State of Cambodia.

As for Sihanouk, who was detained for nearly four years by Pol Pot and whose five children and 14 nephews and nieces were killed, and Son Sann who had to flee from his homeland, not only have they failed to oppose the genocidal clique, but have also helped to lengthen the clique's life.

Through the vain attempts that it has made in the past 12 years, the Pol Pot clique has come to realize that it would not be able to return to massacre the Cambodian people by using a military method alone. For this reason, it has used military forces coupled with the struggle on the negotiating table in an attempt to topple our new regime.

From 1987 to the end of 1990, Pol Pot always resolutely opposed all political solutions to the Cambodian problem that do not mention its role. Meanwhile, Sihanouk and Son Sann used both persuasion and threat to make the Cambodian people accept the Pol Pot clique in the solution, trying to make the others believe that only by allowing Pol Pot to have a role in the solution will it be appeased and stop fighting.

But Sihanouk and Son Sann must have forgotten that the tiger will never eat grass. Likewise, the Pol Pot clique will never abandon its cruel and vicious nature. Let alone giving it a small role in the solution, even if it is allowed to rule the whole country, it will certainly kill more people than during its rule of three years, eight months, and 20 days.

A concrete piece of evidence is that immediately after its representatives were allowed to join the SNC, the clique has become so bold as to use the prestige of this organization—which is the symbol of national independence, sovereignty, and unity—to threaten people in remote areas, and it appointed a number of its right-hand men as members of the so-called village, commune, provincial, and municipal national councils. If it is allowed to control the leading apparatus of the country, how would it rule the roost? Lately, after the clique declared its full acceptance of the UN peace plan dated 26 November 1990, Khieu Samphan [words indistinct] ordered his army to intensify the offensive on Phnom Penh city in particular.

All these clearly show that the Pol Pot clique does not want a political solution for the Cambodian problem because it has no hope of winning in the free and fair elections in Cambodia. For this reason, the Pol Pot clique has made every effort to get rid of its obstacles by stimulating Sihanouk and Son Sann to demand that the State of Cambodia's Government—both the administration and the military—be dissolved and the country be put under the authority of the United Nations, thus enabling them to rise up and seize power easily immediately after the United Nations withdraws from Cambodia.

This is why, lately, Sihanouk and Son Sann have made greater efforts than Pol Pot himself in trying to protect the Pol Pot clique. They have made greater efforts than the United Nations in trying to make the others hand over the Cambodian people's national sovereignty, independence, and right to self-determination to the United Nations.

This was not because the Sihanouk and Son Sann groups do not know the Pol Pot clique's cunning, cruel, and vicious nature, but because they hope that whatever happens, Pol Pot might [words indistinct] them who have assisted him.

Therefore, the question of the genocidal Pol Pot clique is not just a pretext of the Government of the State of Cambodia that the Sihanouk and Son Sann groups have accused. It is a matter of the life and death of the Cambodian people. The Government of the State of Cambodia has already declared that we cannot use the Cambodian people's lives as a concession and we absolutely will not risk our people's lives with the criminal Pol Pot.

We have repeatedly demanded that all political solutions to the Cambodian problem must ensure the prevention of the genocidal Pol Pot regime's return. The most important measure that can ensure this is by dissolving the bases of the genocidal Pol Pot regime and not allowing the clique to have any political, military, economic, and social organizations which can become a source of power for it to revive the genocidal regime. Its ringleaders should be dragged out for trial before the international tribunal.

Any solution that does not mention the prevention of the genocidal regime's return is not the way to undo the problem, but it would be tantamount to making the Cambodian problem even more complicated.

If one tries intentionally to forget the crimes of the Pol Pot clique, one should also try to redeem the honor of late the Hitler and his colleagues who were already sentenced by the international tribunal at Nuremberg.

If one wants Pol Pot to have a role in Cambodia, one should also ask the Polish, Jewish, and Soviet people who were victims of the Hitlerite fascists whether they agree to allow the Hitlerites to have a role in their governments.

That is the problem. One should not try to use the Cambodian people's lives as an offering to the criminals in exchange for a solution to the Cambodian problem.

Chea Sim Presides Over Movements' Activities

Closes Youth Conference

BK1801074391 Phnom Penh Domestic Service in Cambodian 1300 GMT 17 Jan 91

[Text] The enlarged eighth conference of the Kampuchean People's Revolutionary Youth Union [KPRYU] Central Committee successfully ended at the KPRYU Central Committee Headquaters on the afternoon of 16 January 1991 after three days' work. Comrade Chea Sim, member of the Kampuchean People's Revolutionary Party Central Committee Political Bureau and chairman of the National Assembly and of the Kampuchean United Front for National Construction and Defense National Council, presided over the closing session.

For three days, participants in the conference attentively listened to and warmly discussed reports on the work and activities of the youth and children's movement in 1990 and objectives to be carried out in the coming years.

Based on activities conducted in the past, the KPRYU Central Committee conferred five-year rotary banners on Preah Vihear, Siem Reap-Oddar Meanchey, Takeo, and Kompong Cham Provinces where emulation movements were most intense and successful.

The conference also praised measures taken by the party and state in promoting the sense of thrift and the campaign against corruption. The conference participants also supported the policy of the party and Government of the State of Cambodia in the search for a political solution to the Cambodian problem on the basis of resolute opposition to the return of the genocidal Pol Pot regime and to any resolutions that violate the independence and sovereignty of the State of Cambodia and the right to self-determination of the Cambodian people.

Addressing the session, Comrade Chea Sim talked about the overall situation of the Cambodian fatherland and urged youth union organizations and youth associations at all levels to further increase their role and duty and particularly to make our youths more cognizant of the party and state policy at the present stage.

Praises Women's Association

BK1801092991 Phnom Penh Domestic Service in Cambodian 0430 GMT 18 Jan 91

[Summary] The meeting held to sum up the work of the women's movement in 1990 ended successfully on the afternoon of 17 January 1991 after two days at the headquarters of the Cambodian Women's Association in the presence of Comrade Chea Sim, member of the Party Central Committee Political Bureau and chairman of the National Assembly and of the Front National Council.

Reports on work accomplished by the women during the past year were heard and targets set for the current year. The Women's Association handed over rotary banners to several outstanding provincial associations, such as those of Kompong Cham, Siema Reap-Oddar Meanchey, Kampot, and Banteay Meanchey Provinces.

In his closing speech, Comrade Chea Sim praised the women's active contribution to the national defense and reconstruction causes. He urged the women to continue accomplishing feats and contributing to the building of real forces against the return of the genocidal Pol Pot gang.

Leaders Greet Fidel Castro on Cuban National Day

BK1601151891 Phnom Penh SPK in French 1125 GMT 16 Jan 91

[Text] Phnom Penh 16 January (SPK)—Heng Samrin, general secretary of the Kampuchean People's Revolutionary Party Central Committee and chairman of the

Cambodian State Council, and Hun Sen, chairman of the State of Cambodia's Council of Ministers, recently conveyed a message of greetings to Cuban leader on the 32d anniversary of Cuba's day of victory of 1 January.

In the message addressed to Fidel Ruz Castro, general secretary of the Cuban Communist Party Central Committee and chairman of both the State Council and the Council of Ministers of the Republic of Cuba, the Cambodian leaders said:

"We highly value the growing progress scored by the Cuban revolution, which, during the last three decades, has been moving toward socialism with a view to building a progressive and free Cuban society.

"We wish to reaffirm our full support for the struggle carried out by the brotherly Cuban people against all manner of threats from the imperialists and to further deepen the fraternal relations between the parties, governments, and peoples of our two countries.

"Availing ourselves of this opportunity, we would like to express our profound gratitude to the Cuban party, government, and people for their assistance both material and spiritual to the just cause of the Cambodian people."

CSFR Leaders Send Greetings on National Day

Parliament Speaker Greets Chea Sim

BK1701072791 Phnom Penh Domestic Service in Cambodian 2300 GMT 16 Jan 91

[Text] Comrade Chea Sim, chairman of the State of Cambodia's National Assembly, recently received a congratulatory from Aleksandr Dubcek, chairman of the Federal Parliament of the Czech and Slovak Federal Republic. The message stresses:

Your Excellency, please accept my cordial greetings on your country's National Day. I sincerely hope that the Cambodian situation will be solved in the near future in the interest of developing a peaceful Cambodia in the future.

Prime Minister Greets Hun Sen

BK1701072791 Phnom Penh Domestic Service in Cambodian 0430 GMT 17 Jan 91

[Text] Comrade Hun Sen, chairman of the State of Cambodia's Council of Ministers, recently received a congratulatory message from Marian Calfa, prime minister of the Czech and Slovak Federal Republic.

The message says:

On the State of Cambodia's national day, I would like to wish Your Excellency success in the search for a peaceful and just solution to the situation in your country.

Albanian Foreign Minister Greets Hor Namhong

BK1701072991 Phnom Penh Domestic Service in Cambodian 0430 GMT 17 Jan 91

[Text] On the 12th anniversary of the State of Cambodia's 7 January National Day, Comrade Hor Namhong, foreign minister of the State of Cambodia, received a congratulatory message from Reiz Malile, foreign minister of the People's Socialist Republic of Albania. The message says:

On the State of Cambodia's National Day, I send you sincere congratulations and wish the Cambodian people peace and the State of Cambodia glory.

Government Media Report on Forces' Activities

Week Ending 29 Dec Summed

BK1801083691 Phnom Penh SPK in English 0417 GMT 18 Jan 91

[Text] Phnom Penh SPK January 18—According to a military report, in the week to Dec. 29, 1990, the enemy troops continued their attacks against the government Armed Forces, including 11 artillery and mortar bombardments.

Counter-attacking the enemy, the government troops killed 61 enemy troops, captured six and forced 17 others to surrender. They also destroyed 77 enemy shelters and a quantity of other war means, and collected 55 rifles.

17 Jan Report on 'Past Week'

BK1801084091 Phnom Penh Domestic Service in Cambodian 1200 GMT 17 Jan 91

[From the "Weekly Roundup of Salient Events" feature]

[Excerpts] [passage omitted] To increase their feats contributing to the glorious 7 January National Day celebration, our Armed Forces nationwide in the past week launched 10 operations against the enemies, putting 158 of their soldiers out of action, including 92 killed on the spot, 18 taken prisoner, and 48 surrendered. We seized 95 weapons and a quantity of other war materiel. [passage omitted] In the same week, we also received 23 misled persons with 20 weapons and six hand grenades. [passage omitted]

5th Military Region Report

BK1801083091 Phnom Penh SPK in French 0402 GMT 18 Jan 91

[Text] Phnom Penh 18 Jan (SPK)—The troops of the 5th Military Region put out of action 150 enemy soldiers, including 17 killed on the spot, during operations conducted in the first two weeks of this month in certain areas of Battambang Province, according to military sources. Government forces also seized six rifles, 24 rocket launchers, and other war materiel, added the same sources.

It is to be recalled that in 1990, the armed forces of this zone—which comprises Battambang, Banteay Meanchey, and Siem Reap-Oddar Meanchey Provinces—put out of action a total of 4,233 intruders, including 2,045 killed and 1,447 wounded. They seized 987 assorted weapons, 57 tonnes of ammunition, three tonnes of mines, 11 walkies-talkies, 38 boats, and other military equipment.

VOK Interviews Son Sann on Cambodian Issue

BK1701104891 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 17 Jan 91

[Interview with Son Sann, president of the Khmer People's National Liberation Front, prime minister of the Cambodian national government, and member of the Supreme National Council, by unidentified correspondent on problems related to Cambodian solution; place, date not given—recorded]

[Summary] [Correspondent] I have learned that the meeting of the Paris conference co-chairmen and the 12 members of the Supreme National Council [SNC] in Paris was successful, and since this is a step toward reaching a common solution to the Cambodian problem, could you please inform our compatriots of the future process of the SNC and the prospects for a solution?

[Son Sann] During the past few months, I went to many countries to seek ways to settle this Cambodian problem. When the five big powers met in France at the end of November, I was there in order to see how the solution would turn out. And on 21 and 22 this month [?December], the 12 SNC members from the Phnom Penh side, the Khmer Rouge, the prince [Sihanouk]'s side, and our front met. I think that the meeting was successful, although the Phnom Penh side still wants verification on some points. Thus, we hope that next month, January next year, there will be another meeting of the Coordinating Committee of the Paris International Conference on Cambodia [PICC] where we will discuss the details of the Cambodian solution. And if it was successful, soon after that there would be another PICC to be attended by all parties concerned. This time, the settlement might be successful. Thus, I am happy about it.

When we meet again in the future, I would like to ask all compatriots to agree with whatever is beneficial to Cambodia, to peace in Cambodia. When we achieve peace, I would like also to ask those who might be fortunate enough to be in charge of Cambodia's economy in the future to please place our compatriots' benefits above all else. You should rebuild Cambodia's economy from the grassroots level upward so that the poorer compatriots in outlying areas can enjoy a better life. By so doing, the benefits will go to the producers, that is, our Cambodian compatriots, and not the middlemen as in the past. All I want now is for the war in Cambodia to end as soon as possible and for peace to quickly return to Cambodia.

"All compatriots will soon enjoy the right to vote freely. You should not be afraid of any party or anyone you do not like. You should vote only for whoever you like." You should judge for yourself those who want peace for Cambodia and those who do not want it. Those who do not want peace are not patriotic. They do not love you. So you can judge for yourself. You should tell all leaders either on the resistance's side or in Phnom Penh to end this war so that the big powers and other rich countries, including Japan, can come to help us rebuild our country. It is time to put an end to your misery that has lasted for years now.

Sihanouk on Phnom Penh's Rejection of UN Plan

BK1701073191 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 16 Jan 91

[Text] On 13 January, Samdech Norodom Sihanouk, president of Cambodia and head of the Cambodian national resistance, released an article saying that the Hun Sen faction has used all tricks to scuttle the peace plan of the five permanent members of the UN Security Council.

The article notes: The Cambodian national resistance's support for and acceptance of the permanent five UN Security Council members' peace plan shows that the Cambodian national resistance unreservedly accepts the cease-fire and the regrouping and disarming of all factions. Now the question is how to persuade the Hun Sen faction into emulating the example of the Cambodian national resistance and fully accepting this peace plan.

The article goes on: The Hun Sen-Chea Sim-Heng Samrin faction pretends that the present Phnom Penh regime enjoys popular support. If this were the case, why then was the Phnom Penh regime afraid to let the Cambodian people hold elections within the framework of the general elections sponsored and controlled by the neutral and impartial United Nations? On the contrary, the Phnom Penh faction's rejection of general disarmament and truly free and democratic elections is proof that the Hun Sen-Chea Sim-Heng Samrin group is the only faction that is ready to abandon the Cambodian people and nation for its own interests and the interest of its clique, for personal ambition, and in the service of foreigners.

Radio Supports Urgent Meeting of Conference Body

BK1701085591 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 16 Jan 91

[Station editorial: "The Cambodian National Resistance Forces Are Imbued With the Goodwill To Solve and End Vietnam's War of Aggression Most Quickly"]

[Text] On 14 January, leaders of the three Cambodian national resistance forces—His Excellency Son Sann, His Excellency Khieu Samphan, and Prince Norodom Ranariddh—addressed a joint letter to the cochairmen of the Paris conference—His Excellency Roland Dumas, French foreign minister, and His Excellency Ali Alatas, Indonesian foreign minister—proposing that the meeting of the Paris conference's coordinating committee be urgently convened in accordance with the 23 December Paris joint communique. This clearly shows the sincere goodwill of the three Cambodian national resistance forces to solve most quickly the Cambodian problem politically and comprehensively so that Cambodia regains peace and stability quickly.

Up to last December, the world has been making efforts and achieved a lot in pushing for a solution to the Cambodian problem. The five permanent members of the UN Security Council have worked out a framework document dated 28 August 1990 and, based on this framework document, drafted a comprehensive agreement on 26 November 1990. At the meeting between the four Cambodian parties and the Paris conference cochairmen on 21 and 23 December, everyone decided and agreed to convene soon a meeting of the Paris conference's coordinating committee to examine and adopt the draft agreement for the foreign ministers of 19 countries to sign at the plenary session of the Paris conference.

Therefore, the process to restore peace in Cambodia has nearly reached the end. The entire Cambodian people in and outside the country hope that Vietnam's war of aggression would be quickly resolved and ended. The world also wants Cambodia to regain peace quickly. However, the Hanoi Vietnamese enemy aggressors and their puppets and lackeys have insanely opposed this trend. They have carried out maneuvers and created all kinds of obstacles to hinder efforts to solve and end Vietnam's war of aggression in Cambodia politically, comprehensively, justly, and definitively. They have insulted the international community and slandered the latter's efforts to solve and end Vietnam's war of aggression in Cambodia are instead the so-called interference in internal affairs. They have opposed the five permanent members' document and opposed comprehensive control in Cambodia by the United Nations and the UN peacekeeping force.

On the battlefield of aggression in Cambodia, they have gathered their old and new troops, brought from Vietnam, to try to retake liberated zones from the Cambodian national resistance forces this dry season. The world has clearly realized the hideous face of the Vietnamese enemy aggressors and their puppets and lackeys. For 12 years, the Vietnamese enemy aggressors and their puppets and lackeys have never revealed their hideous face to the world like they do now. The entire world clearly realizes that the Vietnamese enemy aggressors and their puppets and lackeys are obstacles to solving and restoring peace in Cambodia and obstacles to peace, security, and stability in the entire region. The world has thus seen the hideous face of the Vietnamese enemy aggressors and their puppets and lackeys. This is why they have lately been confined to the five permanent members's document while the peace process has gradually moved forward step by step.

The Cambodian people in and outside the country support these efforts by the international community. The three Cambodian national resistance forces fully support the framework document and the 26 November draft agreement of the five permanent members and assist and support the Paris conference cochairmen and the five permanent members in pushing for a solution to end Vietnam's war of aggression in Cambodia quickly.

The Cambodian people and the Cambodian national resistance forces are of the opinion that the quick convening of the Paris conference's coordinating committee is another step forward in solving and ending Vietnam's war of aggression on the basis of the 28 August document and the 26 November draft agreement of the five permanent members.

SRV 950th Division Said Hidden in Kompong Som

BK1801074191 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 17 Jan 91

[Text] On 8 January 1991, there were reports from our Cambodian national resistance forces on the Kompong Som battlefield saying that in mid-December and early January, the Vietnamese enemy aggressors and race exterminators in charge of the 3d Military Region ordered the Vietnamese enemy aggressors and race exterminators of the 950th Division stationed in Kompong Som to hide somewhere else on Kaoh Seh Island. The Vietnamese enemy aggressors and race exterminators have categorically banned people's boats or ships from going near the island. Any vessels violating this order would be immediately sunk.

This is the second area in which the Vietnamese enemy aggressors and race exterminators are hiding. It is to be recalled that in mid-1990, our people and Cambodian national resistance forces uncovered a hideout of the Vietnamese enemy aggressors and race exterminators at Prey Rumchak.

Indonesia

Bomb Found at U.S. Ambassador's Residence

BK1801133991 Hong Kong AFP in English 1329 GMT 18 Jan 91

[Text] Jakarta, Jan 18 (AFP)—Police Friday defused a bomb found within the compound of the residence of U.S. Ambassador to Indonesia John Monjo, well-informed Indonesian and diplomatic sources said.

The bomb inside a box was removed from the compound by a bomb disposal squad and later defused just outside, the sources said.

Police were unavailable for confirmation of the report while the American Embassy refused to comment and Mr. Monjo declined to see journalists.

The authorities have strengthened security in the past two days at embassies of the United States and other Western countries as well as at those of Iraq and Saudi Arabia. The Foreign Ministry has set up a special centre to deal with the security of all embassies and their personnel, official sources said.

Indonesia, the world's largest Moslem country, has taken a neutral stand in the Gulf crisis, applying the U.N. trade embargo against Baghdad but rejecting requests to join the U.S.-led multinational force fighting to expel Iraq from Kuwait, which it invaded on August 2.

Report Says Nationals in Jeddah Safe, Calm

BK1801053291 Jakarta Domestic Service in Indonesian 0500 GMT 18 Jan 91

[Text] As of yesterday hundreds of Indonesian nationals residing in Riyadh, including the embassy staff, gathered at the Indonesian Embassy [KBRI] to keep up with the latest developments in the situation and await a formal directive from KBRI officials.

According to a report received from Jeddah through an international telephone call today, the Indonesian nationals staying in the area are safe and calm.

Newspapers Comment on Gulf War, Situation

BK1801094791 Jakarta Domestic Service in Indonesian 0600 GMT 18 Jan 91

[From the Press Review]

[Text] The daily KOMPAS says it is deeply regrettable that a war actually broke out with the launching of an air attack by the multinational forces on Iraqi capital. The war will cause damage, loss of property, and casualties. According to this daily, in view of the fact that this is an open war and not a guerrilla war, modern weapons will determine the outcome. It is apparent that the United States and its allies have modern equipment and technology to fight the war. Therefore we can ask why Saddam Husayn does not withdraw his troops from Kuwait, and what kind of plan does he have in mind? His refusal to withdraw his troops from Kuwait could have been due to his personal character, heroic ego, or perhaps just a stubborn attitude.

Continuing, the morning daily with a big circulation writes that the deepest and greatest impact that rooted from this historic event should always be considered either in terms of the military actions or the political developments that will follow suit. A comprehensive political solution will guarantee genuine stability in the Middle East.

Meanwhile, SUARA KARYA daily says that it is normal for one side to claim superiority over the other when fighting a war. In reality, it is still too early to determine who will win the war. SUARA KARYA notes that as far as Indonesia is concerned, the outcome of the Gulf war is yet to be ascertained. Now we should observe the war carefully in case we need to be prepared to face any eventualities. This is because whatever the outcome of the war, we must plan in advance to face its impact on Indonesia.

Speaking on the same note as the previous media, the daily ANGKATA BERSENJATA expresses the hope that steps towards peace would be pursued, and the Gulf war would not last long. Obviously, the economic situation and the people will be affected by the outbreak of war. According to Angkatan BERSENJATA, although the war had already broke out, it still hopes that steps towards peaceful settlement will continue to be taken because the war would only cause human beings to suffer.

Meanwhile, the daily BERITA YUDHA quoted President Suharto's expression of regret over the outbreak of an open war in the Gulf. This daily agrees with President Suharto that it is ironic while the world is developing toward reducing tension due to the conflict between two superpower nations, other issues such as that of Kuwait appears and it is an issue that is difficult to resolve. This daily also stresses that whatever the outcome of the Gulf war, it will be a lesson to the world community that solving a problem by means of a war would only bring about another new and more serious problem.

The SUARA PEMBARUAN daily expresses the hope that the power struggle will not be at the expense of the people. The afternoon daily calls on the Indonesian race that believes in the Almighty God, to pray hard for the speedy end of the Gulf war so that the people could be saved from facing more suffering and disasters.

Palestinian Envoy Remarks on Iraqi Attack

BK1801130291 Jakarta Domestic Service in Indonesian 1200 GMT 18 Jan 91

[Text] Ribhi Hallum, the Palestinian ambassador to Indonesia, said in Jakarta today that the Iraqi missile attack on Israel indicated to the world that the Palestinian problem should be truly and immediately settled. Hallum said the raid showed the world that the most important issue in the Gulf war is Israel's unlawful occupation of Palestinian territories.

Minister Considers Oil Price Drop Not Critical

BK1801113391 Jakarta ANTARA in English 1001 GMT 18 Jan 91

[Text] Jakarta, Jan 18 (OANA/ANTARA) Minister of Mines and Energy Ginandjar Kartasasmita stated here Friday that the recent oil price drop caused by the break of war in the Gulf area had not reached a critical point.

He said that before the dramatic drop in oil price, the situation in the oil market was marked by the fluctuation of oil prices.

According to the minister, he had estimated that the break of war in the Gulf would not cause the increase of oil prices in the world market up to more than 50 U.S. dollars per barrel as predicted by several circles.

I have, since the beginning, not agreed that the break of war in the Gulf will increase oil price in the world market, and it now is proven that the price has even dropped to less than 20 U.S. dollars per barrel after the war broke out, he stressed.

He said that the oil prices hike before the war in the Gulf was caused by fear among oil consumers that the war would destroy oil refineries in Saudi Arabia.

Previously, he went on, oil prices consisted of the proper price plus a premium. However, the war in the Gulf doesn't disrupt oil supplies from the Middle East while the current price is the proper price affected by the supply and demand factors, he added.

So far, he said, he doesn't see any indication from the consuming countries to release their stockpiles.

Meanwhile, the developments in the Asian oil market Friday showed that oil price was relatively stable compared with the situation at the New York oil market on Thursday.

In Tokyo, the price of the Brent oil on Friday increased to 19.70 U.S. dollars per barrel showing an increase of 20 cents.

Pertamina Official Says Oil Stock Sufficient

BK1701100691 Jakarta ANTARA in English 0809 GMT 17 Jan 91

[Text] Jakarta, Jan 17 (OANA/ANTARA)—Although there might be some problems in the domestic fuel oil supply from abroad due to the ongoing war in the Gulf, Pertamina [State Oil Company] still has sufficent stock for four months, the state oil company's president director said here Thursday.

The president director, Faisal Abda'oe further said that people should not worry about fuel oil supply, therefore there was no need to rush and buy it in large amount.

The state oil company, he said, will [words indistinct] (?West) Indonesia standard time (WIST). Indonesia due to the limited capacity of its refineries, last year still imported around 3.33 million kiloliter of fuel oil or about 11 percent of its total domestic consumption of 30.4 million kiloliter.

Joint Malaysian Border Committee Meeting Ends

BK1701142791 Jakarta Domestic Service in Indonesian 1200 GMT 17 Jan 91

[Text] Basic issues in connection with bilateral cooperation along the Indonesia-Malaysia common border were discussed at the 19th General Border Committee, GBC, meeting which was held in Jakarta this morning. Armed Forces Chief General Try Sutrisno, who led the Indonesian delegation, said joint operations conducted by Indonesia and Malaysia along their common border regions have proved successful in ending the communist military threat through the laying down of arms by the North Kalimantan Communist Party members operating along the Kalimantan-Sarawak border in October 1990.

General Try Sutrisno, who was accompanied by Malaysian Defense Minister Datuk Sri Mohamed Najib bin Tun Haji Abdul Razak, stated that such a success would further improve the socioeconomic condition of people living along their common border regions. The first trial stage of the joint common border socioeconomic program along the Entekong-West Kalimantan border in Tebedu, Sarawak will be launched soon.

Armed Forces Chief General Try Sutrisno also clarified other matters discussed during the 19th General Border Council meeting.

[Begin Sutrisno recording] Indonesia and Malaysia have agreed that the GBC forum needs to be continued because of the close cooperation between Indonesia and Malaysia. Such a cooperation would further contribute toward achieving regional peace and security. The GBC also agreed to further boost the existing Indonesia-Malaysia relations, particularly in the field of security through joint cooperation in training, search and rescue operations, and in the socioeconomic sector. The meeting was conducted in a smooth, orderly, cordial, and friendly manner. Both sides have made real efforts to further improve existing Indonesia-Malaysia bilateral relations. [end recording]

The upcoming 20th GBC meeting will be held in Kuala Lumpur. The meeting is aimed at evaluating the outcome of several activities which were launched and to determine steps to be undertaken in future years.

Suharto Receives SRV Ambassador's Credentials

BK1501080791 Jakarta Domestic Service in Indonesian 0600 GMT 15 Jan 91

[Text] President Suharto received the credentials of Do Ngoc Duong, SRV ambassador to Indonesia, at Merdeka Palace in Jakarta this morning.

On the occasion, President Suharto said that Indonesia is always making efforts to seek a solution to the Cambodian issue, either through a regional framework or at international forums.

He said Indonesia sees that there is a positive development in efforts to resolve the Cambodian issue. The head of state also expressed the hope that a comprehensive political solution to the Cambodian issue could be achieved soon to end the conflict and sufferings of the Cambodian people.

The solution to the Cambodian problem will in turn expedite the creation of Southeast Asia as a zone of peace, freedom, and neutrality.

Laos

Phoun Sipaseut Mourns Deaths of PLO Leaders

BK1801045391 Vientiane Domestic Service in Lao 1200 GMT 17 Jan 91

[Text] This morning, Phoun Sipaseut, vice chairman of the Council of Ministers and minister of foreign affairs, acting on behalf of the Government of the Lao People's Democratic Republic, joined a number of high-ranking Lao in laying a wreath at the residence of the PLO ambassador extraordinary and plenipotentiary to Laos to mourn the deaths of Salah Khalaf, alias Abu-Iyad, member of the Central Committee of Fatah and the Palestine National Council; Hayil 'Abd-al-Hamid, alias Abu-al-Hawl, member of the Central Committee of Fatah and head of its security; and Abu-Muhammad Fakhri al-'Umari.

Thai Students Arrive for Study Tour in Vientiane

BK1201100291 Vientiane KPL in English 0907 GMT 12 Jan 91

[Text] Vientiane, Jan 12 (KPL)—A group of 40 students of Thammasat University, Thailand, arrived here on an excursion on January 11.

The study tour of the Thai students lasting two days is another encouraging sign in bettering the relations of the youths of Laos and Thailand since the period of the restructuring.

The purpose of the tour is to study the traditional arts of Laos. "Laos and Thailand are neighbours. This fact makes us enthusiastic to learn about Laos," said Mr. Niriya Krailoek, professor of the university and also head of the group.

These students on tour to Laos are studying history, linguistics and literature.

In three months time, Thai students from Ramkhamhaeng, Sukhothai Thammathirat, Khon Kaen Universities and others will make similar tours to Laos.

Phoumi Vongvichit Sends Sympathies to Mongolia

BK1201124291 Vientiane KPL in English 0910 GMT 12 Jan 91

[Text] Vientiane, Jan 12 (KPL)—The acting president of the Lao PDR [People's Democratic Republic], His Excellency Phoumi Vongvichit, recently sent a telegram of sympathy to His Excellency Punsalmaagiyn Ochirbat, Mongolian president.

The Lao acting president expressed his deep sorrow and sympathy upon learning about the recent accident at a coal mine near the capital, Ulaanbaatar, causing considerable losses in lives and properties.

On behalf of the entire Lao ethnic people, the Lao acting president extended profound regret to his Mongolian counterpart and, through him, to the families of the deceased and the people in the area.

He was also convinced that the Mongolian people under the guidance of the Mongolian Government would overcome difficulties and bring life of the local people to normal.

Students Return From Language Study in Australia

BK1601103491 Vientiane KPL in English 0913 GMT 16 Jan 91

[Text] Vientiane, Jan 16 (KPL)—Some eight Lao English-language teachers have recently returned home after completing their English course in Australia, according to the Australian Embassy here.

The eight Lao teachers had undergone a 10-month intensive English course which was started in early last year in Sydney, under the sponsorship of the Australian International Development Assistance Bureau (AIDAB).

The AIDAB and other Australian organizations, such as the Equity Merit Scholarship Scheme (EMSS), have annually provided scholarships to many Lao students to do indergraduate and postgraduate study in various fields in Australia.

Ministry: Foreign Investment Totals $190 Million

BK0801112491 Vientiane KPL in English 0903 GMT 8 Jan 91

[Text] Vientiane, Jan 8 (KPL)—Total sum of foreign investment in Laos up to 1990 reached just over U.S. $189 million, disclosed the Ministry of External Economic Relations.

Investment has been made in three main forms: contractual, joint ventures, and wholly foreign-owned business ventures.

Foreign businessmen, so far, have invested in the following sectors: garments for export, agriculture, import-export, hotel-tourism, timber-rattan processing industry, banking, consultancy, building and maintenance of communications routes, industry and handicrafts.

The Ministry of External Economic Relations further made public that in the 1986-90 period, the Lao Government received foreign aid, and loans U.S. $961.6 million in all.

Philippines

De Villa Puts Military on Red Alert Status

HK1701120791 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 17 Jan 91

[Text] Armed Forces of the Philippines Chief of Staff General Renato de Villa has put the military on red alert status. Josette Olivera reports:

[Begin recording] De Villa said this is a precautionary measure for possible terrorist attacks against foreign nationals, especially attacks on embassies that have given support to the multinational forces in the Middle East. He added that the military is not underestimating the communist rebels' announcement, through Luis Jalandoni of the National Democratic Front, who said that they will support Iraqi President Saddam Husayn's global terrorism.

[De Villa recording indistinct] [end recording]

Manglapus Sees No Need for Filipinos' Evacuation

HK1801035391 Manila PHILIPPINE DAILY INQUIRER in English 18 Jan 91 pp 1, 10

[Excerpt] There is no need to evacuate some 110,000 Filipino workers in Saudi Arabia's eastern province because Iraq seems incapable of retaliating against the U.S.-led multinational forces based in the Kingdom, Foreign Secretary Raul Manglapus said yesterday.

"There's no need to panic, no need for mass evacuation," Manglapus told reporters.

Labor Undersecretary Bienvenido Laguesma said there were no signs of a mass evacuation of Filipinos from the region as the Iraqi armed forces seemed to have been crippled by the air attacks mounted by the United States-led multinational forces yesterday.

"This is a welcome development as the risks insofar as the entire Eastern Province is concerned has been eliminated," Laguesma said.

He said the Saudi Civil Defense Office reported that the allied offensive disabled vital Iraqi military installations. But there were no reports from labor officials in Baghdad where communications were cut off after the early morning attack.

Foreign Undersecretary Manuel Yan said travel between Baghdad and Kuwait was "not possible because of heavy military traffic, but (Filipinos) near the border have been evacuated."

The Philippine Embassy in Riyadh has been instructed to activate evacuation plans, Yan said.

He also said there were no reports of casualties in Baghdad where 50 Filipinos were employed or Kuwait which still had about 1,800 Filipino workers.

Laguesma said that while there was no massive movement of workers from the eastern region, some have left for Riyadh and Jeddah on their own.

Alan Timbayan, labor attache in Riyadh, said 15 more Filipinos arrived at the Philippine Embassy, aside from the 26 who came earlier.

Laguesma said 31 Filipino workers from Damman also arrived in Jeddah. [passage omitted]

Manila To 'Insist' on Base Use Consultations

HK1801035191 Manila THE MANILA CHRONICLE in English 18 Jan 91 p 8

[By Marie Rose Feliciano]

[Text] The Aquino government will "insist" that the United States consult it before using the bases here for offensive military action in the Gulf, Executive Secretary Oscar Orbos has assured the Senate.

Orbos told Sen. Wigberto Tanada that Malacanang "fully intends to abide by all constitutional provisions regarding our involvement, either directly or indirectly, in any war in any part of the world."

"In this connection, we shall insist on prior consultation by the U.S. government before it undertakes 'operational use of the bases for military operations'," he said in a letter to Tanada dated Jan. 15.

Tanada released the letter to media yesterday after a Senate hearing on the matter.

Foreign Secretary Raul Manglapus also reiterated yesterday that the U.S. bases would not be used to launch attacks against Iraq. Subic Naval Base and Clark Air Base, he said, would be used only as a refuelling station for ships and aircraft going to the Gulf.

Orbos' letter was the Palace's reply to Tanada's speech on Monday, where he warned the government against allowing the bases' use in the Mideast war. Orbos also agreed with Tanada that Washington cannot invoke the mutual defense treaty in using its bases here for the Gulf war, because it applies only to attacks on the U.S. in the Pacific.

"We will not allow it to be invoked by the U.S. to justify our military involvement in the impending Gulf war," Orbos said. He supported Tanada's stand that the Philippines should abide by its previous positions for peace enunciated in the United Nations.

The Office of the President will do its "utmost to preserve and protect the national interest in this period of crisis," Orbos concluded. Also at the Senate, Raul Rabe, head of the foreign department's Office of American Affairs, admitted yesterday that a Philippine decision to allow the U.S. use of the bases could be interpreted as a "hostile act" by Iraq.

Rabe's admission prompted a senate committee to ask the Aquino government to "frontally" decide whether to allow the use of the baes in the Gulf war. "A policy decision has to be made now," Sen. Leticia Ramos Shahani, chairman of the committee on foreign relations, said. He was reacting to a resolution filed by Sen. Wigberto Tanada urging government to ban the bases' use in the war.

Emergency Communication Network Established

HK1801040291 Manila PHILIPPINE DAILY INQUIRER in English 18 Jan 91 pp 1, 8

[By Dave M. Veridiano]

[Text] A communication network that would link Metro Manila, the seat of government power, to any point of the country in times of extreme emergency was officially activated in Camp Crame yesterday.

The network, dubbed the National Emergency Communication Center (NECOC), had a dry run Wednesday afternoon and was mobilized hours before war erupted at the Gulf.

The NECOC's communication equipment—all capable of sending and receiving voice, data, telex and telegraph messages—were switched on early yesterday when defense condition 2 (Defcon 2) was raised in military and Philippine National Police (PNP) installations all over the country.

The NECOC is a joint project of the government and the private sector, composed mostly of radio enthusiasts, in the aftermath of the killer earthquake last year when it became obvious that the country was badly in need of an effective communication network in case of disasters or emergencies.

A few hours before the NECOC's dry un, Malacnanag also announced the creation of the Emergency Broadcast System (EBS), a communication network composed of all radio and television stations nationwide that would relay news updates on the local situation and developments in the Gulf crisis.

The NECOC's dry run held at the basement of the multipurpose building at Camp Crame was attended by Secretary Luis T. Santos of the Department of Interior and Local Governments [DILG]; Commissioner Josefina T. Lichauco of the National Telecommunications Commission [NTC], PNP Director General Cesar P. Nazareno; Press Secretary Tomas Gomez III; and heads of various communication groups.

During the test broadcast, Lichauco sent messages to six NTC regional offices and received a signed response from her regional director an hour later.

Using a high frequency (HF) radio transceiver patched to a telephone line, Gomez tried to talk to PNP Chief Superintendent Vicente S. Garcia of Eastern Visayas (RECOM [regional command] 8), but the general was reportedly out visiting troops at the front.

Lichauco told the INQUIRER that NECOC will also be linked to the newly created EBS for faster distribution of information to the public during emergencies. "There is absolutely no control nor management of news in this system," Lichauco said. She added that the NECOC was conceived during a workshop attended by radio bugs—members of the Philippine Amateur Radio Association (PARA) and Radio Assistance Federation (RAF)—under the supervision of NTC, Department of Transportation and Communication (DOTC), and Peace and Order Council.

During the briefing, NTC operations chief Bert Ramirez said NECOC will also provide communication support to the Malacanang Action Center, DILG, NDCC [expansion unknown], AFP, NTC, PNP, EBS, and other print media organizations.

Ramirez said NECOC's nerve center will be at Camp Crame while four other operation centers would be set up immediately at the NTC offices on EDSA [Epifauio Delos Santos Avenue]; Telecoms Plaza on Gil Puyat ave, in Makati; PLDT [Philippine Long Distance Telephone] Exchange in Sampaloc, Manila and Globe Mackay Offices on United Nations ave., also in Manila.

A regional center would also be established in each of the 13 regions in the country, Ramirez said.

Companies supporting the NECOC are: Philippine Long Distance Telephone Co. (PLDT); Philippine Electronics and Telecommunications Federation (PETF); and the Philippine Association of Private Telephone Companies (PAPTC).

Signatories to the agreement creating the NECOC were Executive Secretary Oscar M. Orbos; Santos; Defense Secretary Fidel V. Ramos; Lichauco; Mark N. Javier, president of PETF; Antonio Cojuangco, PLDAT president; Jose Estevez, president of PAPTC; Andre S. Kahn, Kapisanan ng mga Broadkaster sa Pilipins (KBP) [Broadcasters' Association of the Philippines] president; Edgardo Montalvan, PARA president; Eduardo Limjap, RAF Apostol, fouding chairman of the INQUIRER, representing the Philippine Press Institute (PPI).

Budget Deficit Hits Record 42 Billion Pesos

HK1801043991 Manila THE MANILA CHRONICLE in English 18 Jan 91 p 7

[By Arleen Chipongian, staffmeber]

[Text] The National government's cash deficit as of end-1990 reached P [Philippine peso] 42 billion, the highest ever budget deficit under the Aquino governmentm, according to Budget Undersecretary Benjamin Diokno.

The consolidated public sector deficit last year stood at P59 billion. This is the combined cash shortfall of the national government, Central Bank [CB], government-owned or -controlled corporations and government financial institutions.

In a Senate hearing yesterday, National Treasurer Rosalina Cajucom also said the budget deficit this year will be reduced to P26-P27 billion as revenues are expected to reach P230 to P231 billion while expenditures would amount to only P257-P258 billion.

A reduction in the national government deficit is part of the country's commitment with the International Monetary Fund to undertake an austere economic program.

Top officials of the country's big commercial banks said the continued widening of the budget deficit was a major factor in the rise of interest rates last year through this month as government stepped up domestic borrowings through flotation of high-yielding Treasury bills.

Meanwhile, Xavier Loinaz, president of the Bankers Association of the Philippines and chief executive officer of the Bank of the Philippine Islands, said government's budget deficit-reduction efforts particularly its cutting of the volume of T-bill flotation would lead to lower commercial lending rates.

Loinaz said, "it is pretty firm that in the next eight weeks, rates will go down," apparently in reaction to the reduction in T-bill flotations to P6 billion every week for the next seven weeks.

Rafael Buenaventura, president of PHILIPPINE COMMERCIAL INTERNATIONAL BANK [PCIB] said rates will go down with the decline in demand for money caused by the deferment of expansion activities by many businesses. He said government faces a tricky problem of raising revenues to cover the deficit. "If it relies on monetary tools, interest rates will go up." the PCIB head predicted.

Philippine National Bank president Edgardo B. Espiritu suggested the government should consider selling acquired assets to raise cash. "Government is unable to take care of the huge resources of its non performing assets," he said. Espiritu proposed selling some government real estate properties abroad, such as the $300 million Ropponggi property in Tokyo, to raise revenues.

Bankers also said high interest rates could result from higher intermediation costs charged on banks by government. Far East Bank and Trust Company President O.V. Espiritu said these costs account for 8% to 11% of lending rates charged in turn by banks of its customers. Intermediation costs include a higher 25% reserve requirement imposed by the CB effective last December 25. The rate was raised from only 23% previously.

Standby Credit Arrangement Reached With IMF

HK1801035991 Manila THE MANILA CHRONICLE in English 18 Jan 91 p 6

[By Arleen Chipongian, staffmember]

[Text] The Philippine government will sign on January 25 the Letter of Intent [LOI] to the International Monetary Fund (IMF) that will commit the country to an 18-month economic stabilization program, according to Rep. Margarito Teves, a member of the executive-legislative oversight committee that reviews the program.

In an interview, he said an agreement in principle had been reached between the IMF and the debt panel composed of Finance Secretary Jesus P. Estanislao and Centrakl Bank Governor Jose Cuisia Jr. However, he said that components of the program would have to be supported by Congress.

The availment of a new country program with the IMF is expected to be finalized by mid-February after the Fund board had approved the program.

The agreement in principle was reached yesterday between the panel and the visiting IMF mission after a week-long negotiation.

In a separate interview, however, Cuisia emphasized that there was no commitment yet on the part of the Philippine government to the IMF as President Aquino will still approve the program.

The economic stabilization program, called the standby arrangement, will be marked by austere economic measures as the country committed a P [Philippine Peso] 55 billion cut in its budget deficit this year.

As a result, economic growth will only be between 1.8% and 2.5%, Teves said.

The legislator said that while the signing of the LOI and the memorandum of agreement was an executive function, the componenets of the program would involve Congress. These include, for example, measures to reduce the deficit by P55 billion this year through cuts in expenditures and increases in revenues which need to be passed by Congress.

Teves said that in the meetings with the IMF mission, the government had committed to adopt measures to ensure the deficit cut by the third quarter this year.

Teves, who heads the House economic affairs committee, said the IMF's major concern was the country's ability to reduce the deficit.

Energy Measures Respond to Gulf Situation

HK1801055791 Manila BUSINESS WORLD in English 18 Jan 91 p 10

[By Anthony L. Cuaycong]

[Text] Government is set to implement a package of measures aimed at mitigating the effects of ongoing hostilities in the Persian Gulf on the country's energy requirements.

As contained in the National Contingency Plan (NCP), a copy of which was furnished to BUSINESS WORLD, Government has adopted the following measures for gradual imposition in the event of war in the Middle East:

the actuation of the ASEAN Petroleum Security Arrangement—under which the Philippines can import up to 20% of its crude requirements from other member states—once the supply stock inventory falls below 80% of normal levels;

the implementation of a fuel rationing program and an electricity load curtailment schedule, with the guidelines and procedures to be issued by the ENERGY OPERATIONS BOARD and the NATIONAL POWER CORP [NPC]., respectively;

the imposition of energy conservation measures as necessary, including a percentage cutback in oil companies' delivery of petroleum products direct buyers and resellers;

the cessation of exporations of petroleum products and derivatives;

the imposition of upward adjustments in the domestic price of petroleum products;

the assessment of long-term requirements for oil refinery and storage capacity; and

the closure of non-strategic establishments deemed energy- inefficient.

Although the NPC was formulated by a seven-member Contingency Planning Committee chaired by National Economic and Development Authority director-general Cayetano Pederanga, Jr., a high-ranking Palace official explained the plan's components were subsequently approved and updated by the Cabine and the National Security Council.

The official said the measures implementation will depend on "actual damages" to the country's crude stock inventory.

"Given this, it does not mean that the ongoing shooting war will automatically trigger their imposition," the official said.

Military Arrests Rebel Soldier of 1989 Coup

HK1701120991 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 17 Jan 91

[Text] The military arrested at 0800 today former Lieutenant Colonel Billy Bibit, a top official of the rebel soldiers. He was one of those who led the failed December 1989 coup attempt. Josette Olivera has more details:

[Begin recording] Military intelligence agents arrested Bibit at Alabang, Makati intersection in a Nissan car with plate number PC8787. Confiscated from him were a [words indistinct] pistol with serial number 245, and containing four magazines; [words indistinct]; several documents of the Revolutionary Nationalist Alliance-Soldier of the Filipino People-Young Officers Union [RAM-SFP-YOU]; a cellular phone and some batteries; three T- shirts with [word indistinct] signatures; registration papers. Bibit is one of the most active members of the RAM-SFP-YOU and is the operations officer of the group. [end recording]

Four NPA Rebels Killed in Bicol Encounter

HK1701022791 Manila MANILA BULLETIN in English 17 Jan 91 pp 1, 15

[By Jen Jorvina]

[Text] Pili, Camarines Sur—Four New People's Army (NPA) rebels, among them a woman, were killed while three others were captured in three encounters between government troopers and guerrillas in Camarines Sur last weekend, the 201st Infantry Brigade headquarters in Camp Canuto here reported yesterday.

The report also said the government trops recovered one .30 caliber light submachinegun.

In a report to Brig. Gen. Thelmo Y. Cunanan, 2nd Infantry Brigade commander, said that elements of 2nd Infantry Battalion led by 1st Lieutenant Medrano and 2nd Lieutenant Santiago encountered 40 NPA guerrillas at barangay Villa Florida, Ocampo town killing a certain "Doubled X" last Jan. 9.

Mayo said the NPA group was led by Ka [Comrade] Merto, Ka Dante, and Ka Gina. They withdrew toward barangay Gatbo carrying their wounded comrades after a 40-minutes firefight.

Recovered from the scene wer one .30 caliber submachinegun, an M-1 Garand, one clip ammunition for Garand, one hand-held radio, flashlights, assorted medicines and documents.

Last Jan. 10, Mayo reported that elements of the Lagonoy police led by Lt. Oliquino clashed with a group of NPA rebels at barangay Sta. Maria, Lagonoy town. An NPA rebel suspect identified as Jun Reyes was killed and three others were captured. Recovered were one .38 caliber revolver and one ICOM radio.

Mayo said Army troopers led by Sergeant Cristobal encountered 15 NPA rebels at the house of Gregorio Bustanera in barangay Caranday, Baao, Camarines Sur, Jan. 12. One unidentified rebel was killed in the firefight before his companions withdrew toward barangay Lourdes, Baao.

The Army troopers recovered one M-60 submachinegun, one M-16 rifle, one ICOM radio, four blasting caps, three 10-pound anti-tank mines, personal belongings, and documents in the house of Bustanera.

He was reinforcement from the 201st Infantry Brigade headquarters backed by two V-150 commando vehicles encountered four NPA rebels, killing an unidentified female fighter. The team recovered one Armalite rifle, one magazine for M-16 rifle and 38 rounds of 5.56 mm ammunition.

Thailand

Government Reacts to Gulf Action, Situation

Action 'In Line' With UN

BK1701132291 Bangkok Voice of Free Asia in Thai 1030 GMT 17 Jan 91

[Text] Following the operation by the multinational force comprising U.S. and allied forces at 0700 Thai time, the war has erupted. Although the Thai Government does not want war, it holds that the multinational force's operation is carried out in line with the United Nations Security Council's resolution to end Iraq's occupation of Kuwait and with its main purpose of restoring peace to that region. The action taken by the allies is accepted by the majority of the world community.

The Foreign Ministry is very concerned with the well-being and safety of the Thai workers in the Middle East as well as the effect on the evacuation plan for the Thai workers in that area. In this regard, the Foreign Ministry held an urgent meeting this afternoon and set up an ad hoc operation center at the ministry in order to follow the situation, coordinate with agencies concerned, and publicize information to the public.

There are 49 Thai workers in Amman, Jordan and 200 others evacuated from Iraq to Jordan. That area is considered to be a safe place. The last batch of 48 Thai officials and workers evacuated from Iraq have arrived safely at the Thai Embassy in Ankara.

Now, the Foreign Ministry is coordinating with the BBC to inform the Thai workers in Saudi Arabia about the two reception centers for Thai workers in Hufuf and Mansura and to ask Thai workers in foreign countries and those who are interested in the crisis to try to follow radio reports consistently and regularly in order to learn the latest news.

U.S. Envoy Briefs Foreign Minister

BK1701153891 Bangkok Voice of Free Asia in Thai 1030 GMT 17 Jan 91

[Text] U.S. Ambassador to Thailand Daniel O' Donohue called on Foreign Minister Athit Urairat at about 1500 this afternoon to inform Athit of the Gulf situation. After the meeting, Sakthip Krairoek, director general of the Foreign Ministry's Information Department, briefed a news conference at the Foreign Ministry. He said:

[Begin Sakthip recording] The U.S. ambassador met with the the prime minister this morning. He came to thank the Thai Government's stand on supporting the UN resolutions, especially resolution No. 678 concerning the use of force. He explained that the United States and the allies had tried every method to settle the problem peacefully, but all efforts were rejected by President Saddam Husayn. So, they had to resort to military means. However, they will try to end the war as soon as possible. The ambassador said that he had informed the prime minister of this situation this morning. The prime minister has expressed support for this operation, holding that it is in line with the UN resolution. The foreign minister also said that he agreed with the operation. [words indistinct] wants the war to end as soon as possible so that peace can return to the region soon and is also concerned with the Thai workers in the Middle East. [end recording]

Urairat on Iraqi Missile Attack

BK1801071391 Bangkok Domestic Service in Thai 0530 GMT 18 Jan 91

[Text] Foreign Minister Athit Urairat briefed reporters after making a telephone call to the Israeli Embassy in Thailand to ask about the news that Iraq had fired missiles into Israel.

Athit said the Israeli ambassador has been informed that Israel was attacked by seven Iraqi missiles and that seven people have been killed [as heard]. At the meantime, Israel has not yet taken any retalitarory action. It is assumed that the United States is trying its utmost to prevent Israel from retaliating, said the foreign minister.

The minister also said that there has been no report of casualties among Thais in Israel.

On the situation in Saudi Arabia, Thais at Dharan have been evacuated to safe areas after Iraq fired a missile there. Thai public health officials will make a trip to Jeddah tomorrow before travelling to other towns, he concluded.

Workers Evacuated From Tel Aviv

BK1801092691 Bangkok Domestic Service in Thai 0530 GMT 18 jan 91

[Text] Kopsak Chutikun, chief of the Foreign Ministry's ad hoc operations center, set up specifically for the Persian Gulf crisis told reporters today that, according to news reports, three Israeli cities have been attacked by Iraqi missiles. They are Jerusalem, Tel Aviv, and Haifa. The missiles have not been found to be equipped with chemical weapons.

There are about 2,000 Thai nationals in Israel. At 1000 [Bangkok time] today, 400 Thai workers are being evacuated from Tel Aviv to Hailak, a town bordering Egypt. If it is still not safe for them, they will further be moved to Cairo.

At present, less than 10 Thai people remain in Iraq by their own will, said Kopsak.

Officials Leave for Middle East

BK1801085891 Bangkok Domestic Service in English 0000 GMT 18 Jan 91

[Text] A group of 32 government officials has left for the Middle East to provide assistance for Thai workers there as part of an evacuation plan in case war erupts in the Persian Gulf. Deputy Prime Minister Athit Kamlang-ek said slight changes may be made in the plan concerned such aspects at the evacuation route to vehicles to be used because of difficulties in transportation in time of crisis.

The deputy prime minister said Thai nationals who serve as drivers in the Middle East are likely to be asked to seek cooperation from their employers in providing vehicles to transport Thai workers to safe places. He said the Thai workers in Israel might be evacuated to Egypt for a certain period and would be brought back when the warring situation ends. The deputy prime minister said the government had already approved budget for the evacuation plan. Each Thai Embassy in the region also has some money in reserve for use in case of emergency.

Navy Chief on Base Use

BK1801030391 Bangkok THE NATION in English 18 Jan 91 p A4

[Text] The Thai armed forces do not want US forces to use the military facilities at U-Taphao more than they were being used before the outbreak of the Gulf war, the Thai navy chief said.

Speaking at the naval academy in Samut Prakan, Adm Praphat Kritsanachan said American aircraft and ships normally used U-Taphao as a refuelling base only.

"In fact the US forces can use any country to serve the purpose, not only Thailand," he said.

He said that the US forces had not asked for special permission to use the U-Taphao facilities as part of their military campaign in the Gulf.

Praphat sidestepped a question as to whether Prime Minister Chatchai Chunhawan had given the top brass any instructions concerning Thailand's role in the Gulf war.

Asked whether the Thai forces were placed on alert, he said: "We are not fighting any war against anybody and there is no need to place our troops on alert in that context. We will only look after our internal security"

Praphat said that the port calls by four US warships had nothing to do with the Gulf war.

"They had asked for permission to stop long before the outbreak of the war," he said.

Praphat declined to comment on the situation in the Gulf, saying the Thai navy's assessemnt of the development in the Middle East was "confidential"

However, he said the war would have only little impact on Thailand.

Army Commander-in-Chief Gen Suchinda Khraprayun also declined comment.

Police Keep Watch on Japanese

BK1801043191 Bangkok BANGKOK POST in English 18 Jan 91 p 3

[Text] Police in the North have been told to keep a watch on Japanese in the region, as some may belong to the Japanese Movement for the Liberation of Palestine.

The order, signed by Region 3 Provincial Police [Pol] commissioner Lieutenant General Wichai Wichaithanaphat, was sent yesterday to all police units in the 17 northern provinces.

Citing an order by Police Chief Gen Sawaeng Thirasawat, Pol Lt- Gen Wichai's order says the many Japanese living in the North must be watched closely because some may be members of the movement, formerly the Japanese Red Army.

Special attention must be placed on possible interference by the movement in the planned rally by workers at Sanam Luang in Bangkok on January 22 to demand a review of the minimum wage.

Editorial Supports Allied Effort

BK1801042991 Bangkok BANGKOK POST in English 18 Jan 91 p 6

[Editorial: "Regrettable, Just and Unavoidable"]

[Text] The guns are blazing in the Gulf, in a war which everyone hopes will be brief. In retrospect, it was inevitable. Peace depended uniquely upon an act of good will by a man who has been unwilling ever to show one. The entire career of President Saddam Husayn of Iraq has been marked by violence and warfare, at home and abroad. He has made horrible wars on his own territory and on his neighbours. His misjudgment of the resolve of the pro- Kuwait alliance has stressed to the world his inability to make rational decisions based on reality and acceptable international morals.

The surprise of the first day of the Gulf war was the apparent miscalculation by Mr Husayn that a battle was coming so soon and so ferociously. Resistance from Iraq to the expected opening wave of missile and air strikes by the alliance was surprisingly light. Pilots and eyewitnesses reported only limited gunfire against the American, British, Saudi and Kuwaiti pilots in the pre-dawn first assault. A daylight raid by French bombers ran into more anti- aircraft resistance, but only relatively. Surprisingly few alliance casualties were reported in early raids.

Though the question of face and dignity might have now blurred his judgement, Mr Husayn clearly cannot afford to commit graver miscalculations and risk putting his country in ruin. Despite the onset of war, any reversal by the Iraqi president by pulling out from Kuwait now would save his country and troops from harsher punishment.

President Bush noted in his address to the American people that in its early stages, the war is designed to destroy Iraqi offensive capability. Early reports of the missile and warplane attacks bear this out. Despite claims by some Iraqi diplomats that there were civilians among the air-raid victims, foreign correspondents in Baghdad who witnessed the first bombing runs reported that the Iraqi capital's civic centre remained largely intact. This is one positive note. Keeping warfare away from the innocent people of Iraq and Kuwait should continue to be a primary goal of the alliance.

The war now underway in the Gulf is uniquely of Mr Husayn's making. For more than five months after his invasion and occupation of Kuwait, the world pleaded, peititioned and threatened the Iraqi leader to reverse his action. Even after the United Nations resolution on the January 15 deadline had passed, his responses were always the same: Kuwait belonged to Iraq and Baghdad would not quit Kuwait. No negotiation was possible. Friends from Bangkok to Zimbabwe implored the Iraqi leader to live up to the responsibility of a world leader. Fellow Arabs and fellow Muslims throughout the world asked him time and again to reconsider his Kuwait adventure. The United Nations on eight separate occasions appealed to the Baghdad regime to withdraw its occupying army and resolve international problems in a responsible manner.

There now seems to be no room for changing the reason for war. Removal of the Iraqi army from Kuwait is the responsibility of military commanders on the scene, and they must pursue and achieve this goal soonest possible. Mr Husayn may still be confident that he can "win" the current war simply by surviving it. Of this, also he must be dissuaded. The first shot fired in the Gulf war must signal an end to international business the way Saddam Husayn has conducted it. No man and no government is more important than international order and stability.

The future of the Middle East was changed the day the Iraqi army occupied Kuwait. What that future holds depends on the prosecution of the war now underway. The liberation of Kuwait must succeed in order that a chill may be sent up the spine of any other would-be Saddam Husayn. President Husayn and his supporters may believe their bravery in battling the alliance forces will win them admiration. Indeed there could well be some sympathy for Baghdad among some pro-Iraq Arab states and their people. This has given rise to some legitimate concern of possible Arab-inspired disruptions and terrorism well after the current war ends. But in the final analysis, there is nothing to admire in the character of men who stubbornly refuse to believe that terror, threats and force are unacceptable methods of dealing with smaller neighbours.

The Mideast which emerges after the smoke of war has cleared will face problems, perhaps more complex problems. Some, like the decades-old Palestinian question, will require great statesmanship and imaginative diplomacy. Hopefully, the need for such peaceful solutions will be reinforced by the war now raging. Hopefully, future wars in the Middle East will be avoided precisely because the current one is being fought.

Commerce Minister Discourages Hoarding

BK1801025591 Bangkok THE NATION in English 18 Jan 91 p A2

[Text] Thais have no need to hoard goods because supplies will continue to be plentiful despite the eruption of war in the Gulf, Commerce Minister Amaret Sila-on said yesterday.

But he urged anyone who does feel the need to hoard, to buy up as much fragrant rice as they can because the price of Thailand's top quality paddy is in a slump.

Amaret said that for the time being Thai oil prices will not be affected because the country has a 40 day reserve supply and because 70 percent of Thailand's imported oil is bought under long term contract.

Yesterday's initial rise in quoted world oil prices was a "shock response" to the war on the spot market (immediate purchase) that did not represent the real market situation, he said.

Any price increases that do result from the war will take time to work their way through to the Thai market, and the country will have plenty of time to adjust, he said.

Amaret repeated his earlier assurances that the Commerce Ministry was monitoring consumer goods prices closely. The prices of essential goods are controlled under the ministry's powers, while the best way to prevent increases in prices of less essential goods is to ensure that the markets are competitive, Amaret said.

He said the ministry would not go out of its way to hunt down retailers taking advantage of the situation, but the public can report complaints to the Commerce Ministry's special centre.

A more immediate effect of the war on the Thai economy might be the need to divert shipping round the Cape of

Good Hope instead of going through the Suez canal. This might affect Thai tapioca bound for Europe, he said, but it would also affect exports from other countries competing with Thailand.

Amaret also said that the war would give a boost to the Uruguay Round of world trade talks, an issue that he has made a priority of Commerce Ministry policy. Participants in the stalled talks would come to realize that everyone depends on international trade, and this could increase the will to reach agreement, Amaret said.

Chatchai Assigns Minister To Oil Shortage Issue

BK1701161791 Bangkok Domestic Service in Thai 1200 GMT 17 Jan 91

[Prime Minister's order No. 3/2534 issued on 17 January assigning Kon Thappharangsi, the minister attached to the Prime Minister's Office, to act on behalf of the prime minister on preventing oil and fuel shortage—announcer-read]

[Text] Empowered by section 3, paragraph 2 of the royal decree and amendments on preventing oil and fuel shortage of 1973, the prime minister assigns Kon Thappharangsi, the minister attached to the prime minister, to act on behalf of the prime minister. The person who is assigned for the duty will have to report results of his duty to the prime minister periodically as the situation deems appropriate. This takes effect immediately.

Dated: 17 January, 1991

Signed: General Chatchai Chunhawan, prime minister.

Ministers Meet With Malaysian Trade Minister

BK1801042191 Bangkok BANGKOK POST in English 18 Jan 91 p 4

[Text] The Malaysian proposal for a regional economic cooperation group is consistent with free trade rules and supplementary to ASEAN and APEC, according to the country's International Trade and Industry Minister Rafidah Aziz.

Minister Aziz called on Commerce Minister Amaret Sila-on yesterday and later held talks with Foreign Minister Athit Urairat.

The minister, a special envoy of Premier Mahathir Mohamed, is touring ASEAN to sound out members on Kuala Lumpur's initiative. She told Dr Athit Japan's participation in the new group is crucial because that country, a member of the Group of Seven industrialised nations, could represent ASEAN's voice in the G7 forum.

Foreign Ministry spokesman Sakthip Krairoek quoted Minister Aziz as saying that the new group, no matter how it is named, would be consistent with the General Agreement on Tariffs and Trade, an international framework for free trade.

The new group would also function in parallel with the Asia Pacific Economic Cooperation, and at the same time enhance ASEAN's role, she reportedly said.

This fits in with Thailand's position as expressed by Mr Amaret and Dr Athit that Thailand upholds GATT principles and ASEAN must be taken into account.

Minister Aziz also said the new pact would have both short-term and long-term objectives.

For the immediate future, participants could get closer to facing protectionism if the Uruguay Round talks fail.

In the longer run, members of the group, which include ASEAN states, Japan, South Korea, China, Hong Kong and Taiwan, could explore further economic cooperation after the Uruguay Round is concluded.

During her meeting with Mr Amaret, the Malaysian Minister proposed that Thailand links the Southern Seaboard Development Project with Malaysia's Perak state and Batam Island to form a growth triangle zone within ASEAN.

ASEAN should work more closely in areas of mutual interest, particularly trade and economic activities, according to Dr Athit and his Malaysian counterpart, Abu Hussan Omar, who met on Wednesday in Kuala Lumpur.

Dr Athit told reporters he informed his Malaysian counterpart that both Kuala Lumpur and Bangkok should be active partners in speeding up implementation of various ASEAN initiated projects which are yet to begin.

Officer Says Calm at Cambodian, Burmese Borders

BK1301153191 Bangkok Domestic Service in Thai 1200 GMT 13 Jan 91

[Statement by Commander of the 1st Army Region Lieutenant General San Siphen at a press briefing on the border situation; place and date not given—recorded]

[Text] The situation along the border near Cambodia is quiet. The Burapha field forces and Army units are the main forces in charge of security operations in the area. We have emphasized development operations to improve self-defense for villages. We have also concentrated on suppression of bandits and car theft gangs. As a result, local people feel safe now both for their life and property. They can pursue a normal life in their respective villages.

On the Burmese border, the 9th Infantry Division and local units in charge of the area conducted operations similar to those on the Cambodian border. The result was satisfactory. I assure you that the soldiers of the 1st Army Region will not allow any border violation to take place. We are ready to retaliate any violations in order to provide safety and peace for our people at the border.

Editorial on Civil Liberties, Dictatorship

BK1501015591 Bangkok BANGKOK POST in English 15 Jan 91 p 4

[Editorial: "Backward Step for Civil Liberties"]

[Text] As anxiety in Thailand and elsewhere around the world is focused on the spectre of war in the Gulf, domestic issues seem to have escaped public scrutiny. But despite the heightened tension in the Middle East, one ugly development here that could have farreaching political and social ramifications should not and cannot be allowed to be overlooked. This centres on a proposal by the powers-that-be at the Interior Ministry to enact a new ministerial regulation that in effect would empower the authorities to arrest people who are considered a threat to life and property—before any perceived crime is committed.

The ministry's legal advisory committee has already approved a draft regulation to that effect and it is due to be forwarded to Interior Minister Banhan Sinlapa-acha for approval this week. Based on the Criminal Code, the regulation would authorise government officials, police and public prosecutors to arrest those who are considered to be intent on committing crimes on the face of "substantial evidence". Those arrested could not be detained for more than 48 hours before being sent to the public prosecutors who would mete out and file the appropriate charges against them.

A close scrutiny of this proposed edict revives memory of the dark days of dictatorship following the bloody military coup of October 1976. Those who have followed recent Thai political history will recall that the rightwing regime of Thanin Kraiwichian at the time meted out a long list of executive decrees and regulations one of which was targetted at people considered to be "endangering society".

The particular edict, which bestowed on the authorities the power to arrest and detain people without trial, was supposedly aimed at suppressing criminals—or suspected criminals, to put it more appropriately—of various shades so that law and order could be tightly maintained. But like many other decrees invoked by the Thanin regime—not least the press-gagging Decree 42, the abolition of which was recently ratified by the House of Representatives and Senate—the edict against people considered dangerous to society became extensively abused and was subsequently used to suppress civil rights and silence political dissent.

Against this background, the latest attempt by the Interior Ministry to introduce something similar is cause for serious concern. Given the positive political development since 1976, and the extensive liberalisation of the Thai social system since then, the enactment of a new regulation like the one now contemplated by the Interior Ministry is tantamount to forcing the country to take several steps backward. This is particularly uncalled for in light of the recent policy pledge by the new coalition government to promote greater civil rights and political freedom.

The notion of arrest and detention without trial can only be associated with dictatorial rule. Such arbitrary power for any sections of the government is a thing of the past and should have no place in the current democratic environment.

The Interior Minister should see to it that this proposed new regulation is put to rest. If the law-enforcement authorities, the police in particular, have substantial evidence against any suspected criminals, they should not hesitate to make arrests and proceed with prosecution.

In the aftermath of the recent bombing of the Crime Suppression Division commander's office, a strong case can be argued for the law-enforcement authorities themselves to get their act together. Against its primary responsibility of maintaining law and order, the Interior Ministry, in the final analysis, should strive to make a better job of what it is supposed to do—and refrain from engaging in other activities that could jeopardise civil rights or undermine the country's democratisation process.

Vietnam

Official, Public Reaction to Gulf War Continues

Spokeswoman Urges 'Self-Restraint'

BK1701120691 Hanoi International Service in English 1000 GMT 17 Jan 91

[Text] Foreign sources said at 0000 GMT or 0300 Baghdad time on 17 January, the U.S.-led multinational forces began a massive attack on Kuwait and Iraq. The attack started with a wave of cruise and Tomahawk [missiles] launched from American warships. Later, hundreds of aircraft of the United States, Britain, Saudi Arabia, and Kuwait conducted bombings on main targets in Kuwait and Baghdad.

Military experts said the United States and allied forces had attained high surprise in tactics. There have been reports that Iraqi forces used antiaircraft guns and missiles in counterattack. The United States and allies plan to continue the air raids for 10 days before conducting ground attacks.

At the White House, U.S. President George Bush declared that Operation Desert Storm has started and has been going well as planned.

In Iraq, the military forces under the direct command of President Saddam Husayn of Iraq said he is ready to deploy chemical weapons in this war.

UN Secretary General Javier Perez de Cuellar was quoted as expressing deep sorrow over the outbreak of the Gulf war.

In Vietnam, the spokeswoman for the Vietnamese Foreign Ministry, Mrs. Ho The Lan, said in Hanoi on Thursday that, together with the world people, the Vietnamese people follow with deep concern the outbreak of the war in the Gulf. She said: We wish that the war will be over soon and that all sides show self-restraint and renew talks to solve the Gulf crisis by peaceful means.

The Vietnamese spokeswoman said: The war's aftermath will be unforeseeable. It will exert a great impact on the world's critical life and economy.

The same day, a spokesman for the Chinese Foreign Ministry issued a statement expressing deep concern over the outbreak of the war in the Gulf. The statement calls on the two sides to show self- restraint so that the international community can find a peaceful solution to the Gulf crisis.

In Cuba, President Fidel Castro said the war would be costly for the entire world and it was unnecessary and could have been avoided by diplomatic means.

Meanwhile, an antiwar rally was held in front of the White House on Thursday.

Foreign Ministry Urges End to War

BK1701153291 Hanoi Domestic Service in Vietnamese 1430 GMT 17 Jan 91

[Statement by the Ministry of Foreign Affairs "on the war in the Persian Gulf"; dated 17 January]

[Text] Together with the world people, the people and Government of the Socialist Republic of Vietnam [SRV] are deeply concerned because war has flared up in the Persian Gulf and can be expanded, thus undermining world peace and causing very serious consequences for the world economy.

At this very challenging moment, the SRV Government urgently calls on the parties involved to exercise self-restraint, put an end to the war, and sit down at the negotiating table to search for a fair and rational solution. The United Nations must have the greatest responsibility for ending the war and restoring peace. For the sake of security for all nations, it is never too late to negotiate.

The Vietnamese Government and people welcome and support all efforts to attain this goal.

Army Newspaper Comments

BK1701183491 Hanoi Domestic Service in Vietnamese 1400 GMT 17 Jan 91

[QUAN DOI NHAN DAN commentary: "A Disaster Has Flared Up"]

[Text] Despite the prediction, the whole world was stunned by the news that the Gulf war broke out at 0000 GMT, 0700 Hanoi time, on 17 January under the campaign code-named Desert Storm. The United States and its allies intend to use the maximum capacity of weapons to overwhelm Iraq in the first days before deploying ground forces. Thus, the scourge of a fearful war has not only descended on the peoples of Iraq, Kuwait, and other countries in the Gulf region, but also has cast its horrible shadow over the lives of the peoples of the United States and other countries whose children are fighting in this region, as well as over all mankind.

The first day of the war has indicated that this would be one of the cruellest wars since the World War II and that its disastrous aftermath would have a negative effect on life throughout the world in the last years of the 20th century.

The war in the Gulf region broke out despite peace efforts by many countries and the international community, the strong protest by world public opinion, and the urgent call by mankind's conscience. This shows once more that in the present civilized nuclear and space age, there remain forces that seek to advance their policies through violence in an attempt to lead the world with a military blow. The flame of war in the Gulf region clearly illuminates the inhuman face of the forces that have waged this war.

In recent years, imperialism has taken some steps of adjustment to create a milder face. But the war in the Gulf region shows that these forces do not hesitate to use war as a principal means to achieve their political objectives. This immutable truth will help wake up those who have wrongly believed that imperialism has changed its nature.

The Gulf war has provided people with a chance to think more about the role of an individual person in history. A miscalculation by an individual person or a management board can drive an entire nation to disaster. Disrespect for international laws is unacceptable and could cost the dearest price. The Gulf war has shed more light on the true nature of today's international political life, where detente is very futile. The Gulf war is further evidence of the fact that compromise and detente do not guarantee lasting peace, security, and stability for all nations.

The course of the struggle to eliminate war and the use of force from mankind's life remains very difficult and complicated. Many people have asked whether international diplomatic moves and public opinion alone are effective enough to avert war. Meanwhile, the United Nations Security Council has allowed the United States to use force to attack Iraq if this country fails to withdraw its troops from Kuwait by 15 January. Does this move benefit peace or war?

War has already flared up. The inevitable trend of development is that from now on, people will try to resolve problems according to the logic of war. This danger may have the most disastrous and most terrible consequences.

Anyway, everyone desires that the war end soon instead of escalating. It could be an inconceivable disaster if this conflict develops into a chemical, biological, or nuclear war.

Along with broad segments of world public opinion, the Vietnamese people express deep concern over the outbreak of the Gulf war, particularly over the fates of the Gulf nations now threatened to be engulfed in the flames of war.

We resolutely condemn the war and hope that the parties involved will exert self-restraint and quickly resume efforts to settle the Gulf issue through peaceful means.

VNA Cites Army Paper on Gulf

OW1801105691 Hanoi VNA in English 0658 GMT 18 Jan 91

[Text] Hanoi VNA Jan. 18—Under the headline "a catastrophe," the Army paper "QUAN DOI NHAN DAN" today says that the outbreak of the Persian Gulf war demonstrates that the elimination of war and violence from social life is still an extremely difficult and complicated process.

The paper goes on:

"The Gulf war has shed more light on the essence of the international political life in the present period of fragile detente. The war has given everyone to understand that the present detente does not yet mean that peace, security, and stability of all nations has been secured. Many people wonder: Might the war have been prevented by international diplomatic efforts and by public protest while the United Nations Security Council allowed the United States to use force against Iraq after the Jan. 15 deadline? Was that act intended to save peace or to encourage war ?

"Now that the war has broken out, it is unavoidable that many things will be settled according to the logic of war. This danger may lead to the worst and most horrible result. At any rate, public opinion all over the world is hoping that the war will not broaden and will come to an early end. It will be a catastrophe of incalculable dimensions if this war develops into a chemical, biological, and even nuclear war."

"We strongly condemn the war and wish that all sides exercise self-restraint and soon return to the search for a peaceful solution," the paper says in conclusion.

Afro-Asian, Peace Groups Respond

BK1801105091 Hanoi International Service in English 1000 GMT 18 Jan 91

[Text] War broke out in the Persian Gulf on Thursday causing deep worries to the world public. The Peace Committee and the Afro-Asia Solidarity Committee of Vietnam [AAPSO] on Thursday issued a statement saying that together with the worldwide public opinion, the Vietnamese people are very worried and regrettable for the outbreak of the war which is beyond the worldwide expectations.

The statement said that in spite of the fighting, there are possibilities of solving the Gulf crisis by peaceful means and called on an immediate end to the war and resuming negotiation to solve all regional problems.

Commentary Urges Halt to War

BK1801131391 Hanoi International Service in English 1000 GMT 18 Jan 91

[Unattributed commentary]

[Text] People all over the world are following with great concern the war in the Persian Gulf in which the United States and allied forces are resolved to use maximum forces to compel Iraq to withdraw from Kuwait.

Foreign sources said Iraq has been fiercely counterattacking, downing dozens of aircraft of the U.S. and allied forces. The Gulf war is rightly believed to be one of the most atrocious wars since the World War II. So, the Gulf war finally broke out, despite intense peace effort of the worldwide community.

It is interesting to recall the event since the Iraqi military attack on Kuwait on 2 August 1990 and Baghdad claim over Kuwait. This was followed by a massive buildup of U.S. and allied forces for what they called protection of U.S. and allies' interests in that region.

These developments led to the Gulf crisis and exerted a negative effect on the socioeconomic life in the United States, Western Europe and the rest of the world, particularly due to soaring oil prices. The Gulf war is expected to cast a long shadow on the world economy and inflicts millions of civilian and military casualties. The aftermath of the Gulf war as many people predicted, will continue to shake the entire international life and in the last years of this century.

Like peoples in many other countries, the Vietnamese reacted to the news of the eruption of the Gulf war with shock and dismay despite the earlier warning. A few hours after the war began, UN Secretary General Javier Perez De Cuellar expressed deep sorrow over the event. The Vietnamese Foreign Ministry in its statement called for self-restraint from all sides to end the war and embark on negotiation to seek an equitable and reasonable solution.

The statement said the United Nations must undertake the greatest responsibility in putting an end to the war and restoring peace. Meanwhile, anti-war demonstrations have been reported in the United States, Britain, France, India and many other countries.

The Government and people of Vietnam welcome and support all efforts of the world community. The United States and allies and Iraq should stop the war and start negotiation to solve the Gulf crisis through peaceful negotiation. This would solve interests of all nations involved in the war as well as others. Negotiations are never too late.

'Fallacious Accusations' in PRC Press Refuted

BK1701162191 Hanoi VNA in English 1458 GMT 17 Jan 91

[Text] Hanoi VNA Jan. 17—A spokesperson of the Vietnamese Foreign Ministry has refuted fallacious accusations against Vietnam by the Chinese press.

Asked to comment on recent allegations by the Chinese News Agency XINHUA and daily RENMIN RIBAO that the Vietnamese and Cambodian Governments had made a "turnabout" in the Cambodian issue and wanted to make Vietnam's troop introduction into Cambodia in 1978 a fait accompli, Mrs. Ho The Lan, head of the Foreign Ministry's press and information department, said:

"The world public has clearly seen the goodwill of Vietnam and the State of Cambodia the most eloquent proof of which is Vietnam's completion of its troop withdrawal in September 1989 even before any concrete act had been taken by other countries directly involved in the conflict to end it and restore peace in Cambodia."

"We reject these slanders against Vietnam and hold that they don't help in anyway to promote the process toward a political solution to the Cambodian issue."

VNA Cites Suharto on SRV-Indonesian Relations

BK1801044391 Hanoi VNA in English 1515 GMT 17 Jan 91

[Text] Hanoi VNA January 17—President Suharto has said it is necessary to increase mutual visits by leaders, officials and people of Vietnam and Indonesia along with broadening and developing cooperation in the economic field.

Speaking to Vietnamese Ambassador Do Ngoc Duong who presented his credentials on January 15, President Suharto recalled the hospitality the Vietnamese leaders and people accorded him during his recent visit to Vietnam, saying that this was a demonstration of the close friendship between the two peoples and the two countries. That friendship, he pointed out, stems from the similarities in the historic struggle for national independence of each country aimed at throwing off the colonial bondage.

He stated that it is necessary to make those similarities the foundation to continue developing the existing cooperation between the two countries on a bilateral, regional and multi-lateral basis.

Ambassador to Indonesia Presents Credentials

BK1701044091 Hanoi Domestic Service in Vietnamese 1430 GMT 16 Jan 91

[Text] On 15 January the Vietnamese Ambassador Plenipotentiary and Extraordinary to Indonesia Do Ngoc Duong presented a letter of credentials to Indonesian President Suharto.

At the function, President Suharto said: "I remember the hospitality and friendship I received during my recent visit to Vietnam. They showed the solidarity of our two countries. The relationship is from the common cause in fighting for national independence against the yoke of colonialist domination."

President Suharto said it was necessary to make this common cause the foundation to continue to develop the existing bilateral, multiformed cooperation between the two countries and in the region in the future. It was necessary to increase the visits of national leaders, officials, and people of the two countries. At the same time, it was necessary to broaden and develop more cooperation in economic fields.

The president sent the warm and friendly salutation to the Vietnamese leaders and the Vietnamese people.

Leaders Greet Cambodian Officials on National Day

BK1701051591 Hanoi NHAN DAN in Vietnamese 7 Jan 91, p 1

[Text] On 6 January, Comrades Nguyen Van Linh, general secretary of the Communist Party of Vietnam Central Committee; Vo Chi Cong, chairman of the Council of State; Do Muoi, chairman of the Council of Ministers; and Le Quang Dao, chairman of the National Assembly, sent the following message of greetings to Comrades Heng Samrin, general secretary of the Kampuchean People's Revolutionary Party [KPRP] Central Committee and chairman of the Council of State of the State of Cambodia; Chea Sim, chairman of the National Assembly of the State of Cambodia; and Hun Sen, chairman of the Council of Ministers of the State of Cambodia:

On the occasion of the 12th National Day of the State of Cambodia, may we extend to you and, through you, to the KPRP Central Committee, the National Assembly, the Council of State, the Council of Ministers of the State of Cambodia, and the entire fraternal Cambodian people our most cordial sentiments and warmest congratulations.

The Cambodian people's historic victory of 7 January 1979, which overthrew the genocidal Pol Pot regime and founded the People's Republic of Cambodia, now the State of Cambodia, ushered in a new era in the history of Cambodia, the era when the Cambodian people became the real masters of their own destiny.

Over the past 12 years, under the correct leadership of the KPRP, headed by esteemed Comrade General Secretary Heng Samrin, the Cambodian people, with their staunch militant spirit and their industrious and creative labor, have overcome untold difficulties and trials and have scored numerous great successes on the military, political, and diplomatic fronts. Following the complete withdrawal of Vietnamese Army volunteers from Cambodia, the Cambodian people and Army, with their own forces, frustrated various reactionary forces' schemes and acts aimed at spreading civil war in Cambodia; ensured political security, public order, and the people's peaceful labor; developed national economy, social welfare, culture, and education; and gradually stabilized and improve the people's living standards. The stature and prestige of the State of Cambodia has been increasingly enhanced in the international arena.

The Vietnamese people are boundlessly elated over and warmly greet these great achievements of the fraternal Cambodian people and sincerely wish them many new successes in defending and building Cambodia into a prosperous and happy country.

The Vietnamese people highly value and fully support the correct stance and goodwill of the State of Cambodia in seeking a fair and reasonable political solution to the Cambodian issue on the basis of respect for the independence, sovereignty, and the right to self-determination of the Cambodian people, in conformity with the UN Charter and with the aim of preventing the genocidal regime's return to power in Cambodia.

We are very glad to see the constant consolidation and development of the relations of friendship, solidarity, and close cooperation in all fields between Vietnam and Cambodia over the past 12 years on the basis of equality and mutual trust. The Vietnamese people will continue to do their utmost to protect and cultivate these loyal and pure relations and make them blooming and fruitful. The Vietnamese people consistently and resolutely support the just cause of the fraternal Cambodian people for a peaceful, independent, neutral, and nonaligned Cambodia, as well as for a peaceful, stable, friendly, and cooperative Southeast Asia.

On this occasion, we would like to express the heartfelt and deep gratitude of the Vietnamese party, government, and people for the great and wholehearted support and assistance that the Cambodian party, government, and fraternal people have given to the cause of national construction and defense of the Vietnamese people.

We wish the relations of solidarity, friendship, and close and all-round cooperation between Vietnam and Cambodia constant consolidation and fine development.

We wish you the best of health and many successes in your noble duty.

Army Paper Welcomes Cambodian National Day

BK1701130891 Hanoi QUAN DOI NHAN DAN in Vietnamese 7 Jan pp 1, 4

[Editorial: "It is Our Wish That the Fraternal People of Cambodia Overcome Difficulties and Score Many New Successes in National Defense and Construction"]

[Text] The Cambodian people on 7 January this year again commemorate the 12th anniversary of their glorious national day.

Under the correct, creative leadership of the Kampuchean People's Revolutionary Party [KPRP], undergoing numerous difficulties and ordeals, in the spirit of enhancing intelligence, diligence, and courage, and with support and assistance provided by Vietnam, Laos, and the Soviet Union and other friendly and fraternal countries, during the past 12 years the Cambodian people have scored many great achievements in the economic, cultural, political, security, and national defense domains.

Cambodian industry, communications and transportation, postal service, and finance and banking have gradually been restored and developed. Agricultural production, especially the production of grain, rubber, timber, and aquatic products, has scored remarkable progress, thereby meeting requirements and demands in the daily life of the 8 million Cambodian people. The administrative system—which has been consolidated both in the central and local levels and has controlled almost all territories in Cambodia—has won the people's confidence and support. The Cambodian armed forces comprising the main armed force, the local armed force, and the militia force have made considerable progress quantitatively and qualitatively, and have proven their capability in foiling and repulsing all sabotage schemes and activities of the enemy, thus becoming the most reliable armed forces for the all-people national defense movement. Since the total withdrawal of the Vietnamese volunteer army from Cambodia on 26 September 1989, the Cambodian people have resumed the duty of national defense and construction. Although the enemy took advantage of Vietnamese troop withdrawal to escalate their attacks to seize more land and people in Cambodia, they have been severely dealt with, faced serious losses, and are being isolated in the international arena.

1990 saw the Cambodian people undergoing many difficulties and ordeals. It was the year that the Cambodian army and people had to shoulder their own responsibility in national defense and construction. Undergoing many ordeals and through their training, the Cambodian people have scored glorious victories in all domains, thereby attesting to the great strength of the all-people unity and their capability in organizing and managing assigned tasks.

The Cambodian people's just cause and the Cambodian government's prestige have been increasingly supported by the peace- and justice-loving people in the world. Many countries have recognized the State of Cambodia as the sole leader in Cambodia who can control almost all territories in the country. The United Nations had to leave vacant the UN Cambodian seat occupied by the Democratic Kampuchea coalition government during the past 10 years and more. According to agreement reached at the Tokyo summit (5 June 1989) between Hun Sen and Sihanouk, the Supreme National Council [SNC] has been established with equal footing on both sides.

After 10 years of deadlock, the Cambodian issue now has a chance for settlement. Vietnam has withdrawn all its troops from Cambodia, which means that the first key issue has been resolved. The key remaining problems, however, are still unsettled. The responsibility now rests entirely with the Cambodian opposition parties and their allies. The JIM 1 and JIM 2 [Jakarta Informal Meeting 1 and 2], the Paris international conference, and the meetings of UN Security Council five permanent member countries have greatly contributed to efforts for a political solution to the Cambodian issue.

The establishment of the SNC comprising 12 members—six of them are from the State of Cambodia—and the recent agreements reached at the SNC meeting in Paris, have accelerated the process of seeking a comprehensive political solution to the Cambodian issue. The State of Cambodia's clear-cut stand is that a rational solution to the Cambodian issue must meet the legitimate interests and aspirations of the Cambodian people, respect Cambodian national self-determination, and the Cambodian people's right to live in independence and freedom. The Cambodian people will determine all issues related to their national sovereignty. The United Nations has agreed to play the role in solving the political issue in Cambodia, but it must respect Cambodia's independence and sovereignty in accordance with the UN Charter and prevent the genocidal regime from returning to power in Cambodia.

But it is still very difficult to settle the Cambodian issue. This is due to the schemes and acts of sabotage being carried out by the Cambodian opposition parties and the countries that support them. As a result, the Cambodian revolution is entering a new stage with more difficulties and greater ordeals. But the Cambodian army and people will undoubtedly score new achievements.

Vietnam and Cambodia, as well as Vietnam, Cambodia, and Laos, have firmly maintained a close friendship and militant solidarity. This relationship has been tested by times and has consistently developed satisfactorily. The Vietnamese people unswervingly support and wholeheartedly assist the Cambodian revolution. We are confident that the Cambodian army and people will be able to overcome all difficulties and ordeals to score ever greater achievements and firmly protect and develop the revolutionary gains which were achieved through countless of sacrifices in flesh and bone. On the commemoration of the 12th national day of the State of Cambodia, from the bottom of their hearts, the Vietnamese people extend their militant solidarity salutation to the Cambodian people and wish the Cambodian armed forces and people new, ever greater achievements so as to triumphantly build Cambodia into a peaceful, independent, neutral, and prosperous nation, thereby contributing effectively to the cause of peace and stability in Southeast Asia.

Mitsubishi Corporation Opens Office in Hanoi

BK1501161691 Hanoi VNA in English 1451 GMT 15 Jan 91

[Text] Hanoi VNA Jan 15—The Mitsubishi Corporation and its affiliate Meiwa Trading Company Limited formally opened their office in Hanoi today with a reception which was attended by Le Xuan Trinh, deputy head of the State Planning Commission of Vietnam; Vu Khoan, deputy foreign minister; and Ta Ca, deputy minister of commerce.

In his inaugural speech, Mr Hideo Noguchi, managing director of Mitsubishi, said he hoped that the setting up of Mitsubishi offices in Hanoi and Ho Chi Minh City would help in some way economic development in Vietnam and contribute to the common prosperity of Southeast Asia.

He said he was looking forward to a meeting with Chairman of the Council of Ministers Do Muoi and Vice Chairman Vo Van Kiet during which trade relations between the two sides will be discussed.

French Investment in Country Since 1988 Updated

BK1601164191 Hanoi International Service in English 1000 GMT 16 Jan 91

[Text] France's investment accounted for 21 percent of the 1.4 billion U.S. dollars totally invested by foreign countries in Vietnam since 1988. Trade and economic cooperations between the two countries are being developed on a large-scale.

Last year, the Franco-Vietnamese Joint Committee convened a meeting on investment where the two sides agreed to invest 60 million francs in 16 joint projects of the oil and gas industry. Besides, France has opened 17 representative offices in Vietnam.

Economic Journal Reviews French Bank Activities

BK1601163991 Hanoi VNA in English 1500 GMT 16 Jan 91

[Text] Hanoi VNA Jan. 16—In an interview granted to the SAIGON ECONOMIC WEEKLY, Jean Marie Laude, director of the local representative office of the Banque Francaise Du Commerce Exterieur (BFCE), said that the bank's activities in Vietnam, although not many, were highly significant in the past period of time.

According to J.M. Laude, BFCE and its clients in the past 12 months did not go beyond the level of observation and support which covered such operations as assistance in re-establishing Vietnam's normal relations with the international financial circles, first of all with other French banks, succeeded in mobilizing credit grants on a two-year term for such projects as the upgrading of the Thang Loi Hotel in Hanoi capital and the establishment of the [word indistinct] telephone exchange in Ho Chi Minh City. BFCE is also exploring certain possibilities and demands for investment in the Mekong River Delta. He said one of the factors that slow down the marketing process of BFCE as well as other foreign banks in Vietnam is the lack of information in the country, especially the shortage of newspapers published in foreign languages. He also complained about the problem of redtapism in clearing visa procedures and a high communication tariff.

He said further that last year, Vietnam conducted encouraging changes, and many enterprises performed effectively in the field of exportation as well as in the domestic market. The tourist year, though not quite satisfactory, has brought about considerable changes to the city. He said he thought that in 1991 Vietnam should concentrate her efforts on gaining real economic changes, and for this purpose Vietnam's law on foreign investment must be extended.

"BFCE always stand shoulder by shoulder with Vietnam and we believe that Vietnam will do the same when BFCE carry out its corporations in 1991," Jean Marie Laude added.

State Council Confers Order on British Activists

BK1601163891 Hanoi VNA in English 1506 GMT 16 Jan 91

[Text] Hanoi VNA Jan. 16 - The Vietnamese State Council has conferred the Friendship Order on two British women in acknowledgement of their assitance and support to Vietnamese people over the past 25 years.

The recipients are Ms. Hannah Banerji, executive member of the British Committee for Medical and Scientific Aid to Vietnam, Laos and Cambodia (MSAVLC), and Ms. Winifred Langton, an active member of the committee.

The award-presenting ceremony was held at the Vietnamese Embassy in London on Jan. 13, 1991.

National Assembly Amends Law on Military Service

BK1701145691 Hanoi NHAN DAN in Vietnamese 5 Jan 91, p 3, 4

[Law on amendments of and supplements to a number of articles of the law on military service passed by the National Assembly at its eighth session on 21 December 1990]

[Text]—Pursuant to Article 100 of the SRV Constitution and Article 34 of the law on the organization of the National Assembly and the Council of State, on 2 January 1991 Council of State Chairman Vo Chi Cong signed a decree promulgating the law on amendments of and supplements to a number of articles of the law on military service which was passed by the National Assembly on 21 December 1990. Following is the text of the law:

—Pursuant to Article 83 of the SRV Constitution.

This law amends and supplements a number of articles of the law on military service which was was passed by the SRV National Assembly on 30 December 1981.

Clause 1: Amend and supplement the following articles of the law on military service:

1. Article 14 on the length of military service of noncommissioned officers and enlisted men shall be revised as follows:

"Article 14... The length of peacetime military service of noncommissioned officers and enlisted men is two years.

The length of peacetime military service of noncommissioned officers in command positions and of noncommissioned officers and enlisted men with technical qualifications acquired through military training, as well as of noncommissioned officers and enlisted men working abroad naval vessels is three years."

2. Paragraph 4 of Article 21 on the responsibility of the people's committees at various levels for drafting youths into the Army shall be amended and supplemented as follows:

"The people's committees at various levels have the responsibility for directing and organizing efforts to recruit and and draft youths into the Army within their localities concerned in an open, democratic, and fair fashion, ensuring that troop recruitment be conducted as scheduled in accordance with the quota assigned and standards provided for by law. Recruits receiving units are responsible for implementing this task in coordination with the people's committees at various levels."

3. Article 29 on those entitled to military service deferment shall be amended and supplemented as follows:

"Article 29:

"During peacetime, youths of the following categories shall be entitled to military service deferment:

"1. A youth who is declared physically unfit for military service by the Physical Examination Council.

"2. A youth who is fathered by a fallen hero.

"3. A youth who is the only remaining brother of a fallen hero.

"4. A youth who is the only son of a war invalid with first- or second-degree disability or of a sick soldier with first-degree criticality.

"5. A youth who is the only bread earner in a family made up of incapacitated members or members who are below working age.

"6. A youth with one of his blood brothers or sisters in the same household now serving in the Armed Forces as a noncommissioned officer or an enlisted man.

"7. Those school teachers, public health officers, or assault youth brigade members entitled to military service deferment for working in a remote, mountain region as defined by the Council of Ministers.

"8. Researchers of state-level scientific research projects with their status certified by a cabinet minister, a state commission chairman, or an officer at the corresponding level.

"9. Students at various general education schools, vocational training schools, vocational middle schools, colleges, and state universities.

"Every year, those people mentioned in Points 1, 5, 6, 7, 8, and 9 of this article shall be subject to a check to see if they are still qualified for military service deferment. If not, they shall be drafted into the Army. If still qualified for military service deferment but already over 27 years old, they shall be transfered to the reserve category."

4. Article 32 on the demobilization of noncommissioned officers and enlisted men shall be amended and supplemented as follows:

"Article 32:

"Those noncommissioned officers and enlisted men who have fulfilled their length of military service as stipulated in Article 14 of this law shall be demobilized. In compliance with an order by the minister of national defense, unit commanders from regiment or corresponding level upward are responsible for ensuring the demobilization of eligible noncommissioned officers and enlisted men under their command.

"The date of demobilization of noncommissioned officers and enlisted men shall be notified one month ahead of time to the district, precinct, town, and city people's committees of the provinces concerned and to the grass-roots units where the demobilized soldiers had resided or worked before they joined the Armed Forces. Unit commanders from regiments or corresponding level upward where there are demobilized noncommissioned officers and enlisted men shall organize farewell ceremonies for them and return them to the people's committees of the localities from which these people had been recruited for the Armed Forces. District, precinct, town, and city people's committees of the provinces concerned are responsible for welcoming demobilized noncommissioned officers and enlisted men back to their localities."

5. Article 38 on the age limit for noncommissioned officers and enlisted men in the reserve category shall be amended as follows:

"Article 38:

"The age limit for noncommissioned officers and enlisted men in the reserve category is fixed as follows:

"43 for men

"40 for women"

6. Article 39 on classifying male military reservists shall be amended as follows:

"Article 39:

"Based on their age group, male noncommissioned officers and enlisted men of different ages shall be divided into two groups:

"Group A comprises people not exceeding 35 years of age.

"Group B consists of people between the age of 36 and 45."

7. Drop Clause B of Article 40 on the training of reservists belonging to Group C.

8. Article 53 on the privileges accorded to noncommissioned officers and enlisted men in active duty shall be amended and supplemented as follows:

"Article 53:

"A noncommissioned officer or enlisted man in active duty is entitled to the following:

"1. The guarantee of receiving timely supply in accordance with set quality and quota of food grain, foodstuffs, military clothing items, and preventive and therapeutic medicine. He shall also have his billetting facilities, monthly allowances, and other cultural and spiritual requirements assured in conformity with the nature of his work and with the standards for quota stipulated by the Council of Ministers.

"2. From his second year of service onward, he shall be allowed to take leave as stipulated by the Council of Ministers.

"3. From his 25th month of service onward, he shall have his monthly allowances doubled.

"4. Entitled to be considered as a present member of his family when its comes to head counting for land allocation or for a readjustment of residential or cultivated areas.

"5. Having his military years included in the length of his government service.

"6. Having the priority in ticket purchase when it comes to using any means of transportation owned by various economic components.

"7. Entitled to preferential treatment in terms of postal fee as stipulated by the Council of Ministers."

Article 54 on the privileges of the families of soldiers in active duty shall be amended as follows:

"9. Article 54:

"The privileges of the family of a noncommissioned officer or an enlisted man is stipulated as follows:

"1. His father or wife is temporarily exempted from community- service details in cases where his family is truly confronted with difficulties and this shall be certified by the village, ward, and town people's committees concerned.

"2. His father, mother, wife, and children are entitled to the system of emergency assistance in accordance with the general policy of the state; and to be exempted from any fees for physical examination or medical treatment they may receive at state hospitals.

"3. His children at those day-care centers, kindergartens, or general education schools owned by the state will be exempted from tuition fees and other financial contributions to school maintenance."

10. Article 55 on the policy toward demobilized noncommissioned officers and enlisted men shall be amended and supplemented as follows:

"Article 55:

"When leaving the Army, noncommissioned officers and enlisted men shall be given money for their transportation and other travel expenses, and they are also entitled to demobilization pay as stipulated by the Council of Ministers.

"Effective from the date of the receipt of their demobilization order, noncommissioned officers and enlisted men shall be temporarily exempted from community-service details. They shall receive one-year exemption from details for every one year of their military service. The period of preparatory training and combat readiness inspection undergone by noncommissioned officers and enlisted men shall be deducted from the length of their annual community-service details."

Clause 2: Articles 69, 70, and 71 on the punishment of infractions shall be replaced with the new Article 69 below:

"Article 69:

"1. Whoever violates those stipulations governing the registration for military service, the recruitment and drafting of youths into the Army, and the calling of military reservists for training and whoever abuses his position and power to act against or obstruct the enforcement of the above stipulations or violates other stipulations of this law shall, depending on the degree of severity, face disciplinary or administrative punitive actions, or be held accountable for criminal responsibility.

"2. Any soldier who violates stipulations governing the recruitment and the drafting of youths into the Army, the demobilization of noncommissioned officers and enlisted men, and the system of privileges for troops, or infringes upon other stipulations of this law shall, depending on the degree of severity, be punished according to the military code of discipline or be liable for criminal responsibity."

[Signed] Le Quang Dao, chairman of the National Assembly.

Vo Chi Cong Writes to Dong Bang Combatants

BK1601123991 Hanoi Domestic Service in Vietnamese 2330 GMT 15 Jan 91

[Letter from Vo Chi Cong, chairman of the Council of State, to cadres and combatants of the Dong Bang divisional group; date not given]

[Text] Dear Comrades: On the occasion of the 40th founding anniversary of the Dong Bang divisional group, 16 January 1951-16 January 1991, on behalf of the party and state, I would like to extend my kind regards and warm greetings to all cadres and combatants of the divisional group. I would also like to convey my cordial regards to the families of fallen combatants, as well as to all disabled or ailing soldiers and those comrades from many generations of the Dong Bang divisional group who have retired or been transferred to other branches.

During the last 40 years, under the leadership of the Communist Party of Vietnam and esteemed President Ho Chi Minh and with the care and help of the people, cadres and combatants of various generations of the Dong Bang divisional group have constantly developed the fine nature and glorious tradition of the heroic Vietnam People's Army to overcome many stages of revolutionary struggle full of hardship and sacrifice. By fighting gallantly from one battlefield to another, they have been able to score many outstanding achievements and fulfill all the tasks entrusted to them by the party and the people, thereby contributing positively to the cause of national liberation and unification, as well as to the defense of the socialist Vietnamese fatherland and the fulfillment of international duty.

You, Comrades, are meritoriously worthy of your noble title as a heroic unit of the People's Armed Forces.

On the occasion of this glorious traditional day, I would like to warmly commend cadres and combatants of the Dong Bang divisional group for the achievements they have recorded during the past 40 years.

Dear Comrades, to effectually help carry out all the revolutionary tasks at present—accelerating the process of comprehensive renovation and building and defending the socialist fatherland—you are duty-bound to make your divisional group firm and strong to ensure that it is imbued with increasingly vigorous fighting strength in order to outstandingly fulfill all the tasks entrusted by the party, Army, and people.

It is necessary for cadres and combatants of the Dong Bang divisional group to understand more profoundly all the lines, policies, and viewpoints of the party and state; constantly develop the glorious traditions of the Army and the divisional group; strengthen unity among themselves; strictly maintain discipline; remain always vigilant; closely coordinate with other units; attach themselves closely to the people; and stand ready for combat and for victories in fighting.

You, Comrades, should also exert efforts to undergo political, military, and professional training; surge forward to master advanced military science and technology; participate actively in production and other activities, and make your unit always firm and strong in every aspect.

May I wish you, Comrades, good health and many new achievements.

My cordial and determined-to-win salutation.

[Signed] Vo Chi Cong

Hanoi Municipality Prepares for Party Congresses

BK1801132391 Hanoi NHAN DAN in Vietnamese 7 Jan 91, pp 1, 4

[Text] Hanoi Municipality is preparing for party organization congresses at various levels. The task will be carried out from now to early February.

The municipal party committee recently held a conference of key cadres to study the party draft documents and to solicit ideas from party members on these documents. Plans on holding party organization congresses at various levels have been distributed to echelons of key cadres for dissemination among party members and the people to make them understand the objectives, significance, requirements, and purposes of these congresses which are aimed at making party organizations prepared for the Seventh Communist Party of the Vietnam [CPV] Congress. This first phase of party organization congresses has been designed to let party members discuss and contribute ideas to the Seventh CPV Congress draft documents. As a result, the municipal party committee urges delegates to these congresses to uphold the sense of responsibility, discuss party documents in a democratic fashion, and contribute ideas to these documents to make them more perfect. Congresses of the lower echelons must elect appropriate delegations to the higher echelons of party organization congresses.

While preparing for party organization congresses at various levels, Hanoi Municipality has striven to carry out the campaign to purify the party, improve the quality of party cadres and members, and oppose corruption, especially at weak basic party organizations and units fraught with pressing issues, establishments where many key cadres of the municipality are working, and districts, wards, agencies, and units that are charged with extensive authority to handle a large volume of money, goods, and supplies. This includes banks, financial offices, foreign trade agencies, housing projects, police stations, control agencies, and customs offices.

These congresses will provide a good chance for party organizations to review their tasks and discuss measures to improve them. Hanoi Municipality has combined preparation work with efforts to carry out urgent tasks in early 1991 to improve production, business, industry, agriculture, trade, social order and security, city management, and the people's daily lives.

During this phase, party organization congresses at grass-roots, ward, and district levels of Hanoi Municipality will appraise the capital situation in 1990 and discuss orientations and tasks for 1991.

VNA Gives Update on UNICEF Food Program

BK0401082891 Hanoi VNA in English 0724 GMT 4 Jan 91

[Text] Hanoi VNA January 4—Last year, the Association of Vietnamese Gardeners organized nearly 200 training courses and a number of seminars with a total of about 3,000 participants to disseminate techniques and experiences in breeding livestock, growing fruit trees and vegetables, and protecting them against pests and diseases.

Those activities were covered in a UNICEF-funded programme aimed at promoting the family-based food security and ecological protection system in the rural areas, which is known in Vietnam by three initials V.A.C. ("V" for orchard or garden, "A" for fish pond, and "C" for livestock-breeding establishment).

Last year, many families received seeds strains, saplings, young animals and gardening tools provided for under this programme, which according to initial fugres, helped those in 13 northern provinces and cities surpassed their VAC targets by 14 percent.

Nearly 33,000 Tonnes of Rice Redistributed

BK1201064891 Hanoi Domestic Service in Vietnamese 2300 GMT 10 Jan 91

[Text] According to a communique of the National Reserve Department, faced with the difficult situation of grain supplies in some provinces and cities, the National Reserve Department's proposal has been approved by the chairman of the Council of Ministers to issue 32,800 tonnes of rice from 16 of its installations located in Than Hai Province and northward in order to balance the distribution of grain in various localities prior to the lunar new year of the goat.

Hanoi alone is authorized to purchase 5,000 tonnes of rice from various reserve installations in Hai Hung, Ha Bac, and Thai Binh Provinces and Hanoi itself in order to promptly meet demands at reasonable prices.

Ho Chi Minh City Increases Export-Import Value

BK0701101291 Hanoi VNA in English 0658 GMT 7 Jan 91

[Text] Hanoi VNA January 7—Ho Chi Minh City last year netted an export value of 370 million roubles-dollars, an increase of 9.3 percent, and an import value of 260 million roubles-dollars, up by 8.3 percent over 1989.

The figures were carried by the weekly KINH TE SAIGON (SAIGON ECONOMY) in its first issue on January 1.

Last year, the weekly said, despite economic upheavals on world markets, the export value to Eastern Europe reached 50 million roubles-dollars, whereas that to other areas rose to 320 million U.S. dollars, up by 15 percent over 1989. The main export lines were farm products worth totally 191 million. The rice export was estimated at 450,000 tons.

The most striking feature in export last year was the increase of industrial goods, especially light industrial goods, worth 62.3 million roubles-dollars, accounting for 16.8 percent of the export value of the city.

The import of machines, equipment, plastic materials, chemical substance, cement, fertilizer and other materials for production accounted for 65.4 percent of the total import value, which was up by 8.3 percent as compared with that of 240 million roubles-dollars in 1989.

This year, Ho Chi Minh City planned to reach the target of export-import value of 900 million U.S. dollars, of them 500 million U.S. dollars from exports.

Station Reviews 1990 Import-Export Activities

BK1801105591 Hanoi International Service in English 1000 GMT 17 Jan 91

[Text] Few people ever think that the nation with the per capita income of barely 200 U.S. dollars is able to export strategic commodities such as crude oil, rice, maritime products, etc.

Vietnam's rice export, for example, now ranked third in the world behind the U.S. and Thailand. This reality has resulted from open economic policies in the past years, external cooperation, and foreign investment, as well as the practice of thrift by every consumer.

Nineteen-ninety was the second year in succession that Vietnam exported a volume of goods worth over 2 million convertible rubles. These exports included sea products, minerals, and arts and crafts. In the 1986-1990 period, the export turnover of Vietnam increased by 2.2 times over the previous five years plan. It is expected that in 1991, these value will increase 16 percent more than last year. Nineteen-ninety saw upheavals in the import-export market in which prices were unstable and the long standing consumption market of the Soviet Union and Eastern Europe was less busy than in previous years. Nevertheless, the year also witnessed the promulgation of many economic policies of the party and state including the fine initial approval of the law on foreign investment.

The total 1.4 billion dollars in capital for 200 investment licenses was the modest figure. Yet it is encouraging when compared with that of some countries in the region who issued similar laws a few years ago. The Vietnamese market has captured the attention of several prestigious companies from different countries. They have also been effective corporations by overseas Vietnamese living in West Europe. Many projects with the large prescribed capital are being sponsored by relatives of those residents at home. These projects have gone under way and started making a profit.

However, everything is not plain sailing. Every year Vietnam imports about 3 million tonnes of oil and petrol, two and a half million tonnes of fertilizer and hundreds of thousands of tonnes of other materials such as steel, chemicals etc. These imports are paid for by money from export. Luxury goods that are being smuggled into the country are draining national reserve. For several months, gangs of traffickers have been illegally importing goods such as cigarettes, beer, cosmetics, electronic goods, etc. These goods are pouring into domestic market causing a fake abundance of everything, harming local production units, and more seriously causing negative effects in the important performance of the country. A crackdown on smuggled goods that was long (?extended) to the first, starting with the government directive banning the use and circulation of foreign made cigarettes nationwide. [sentence as heard] The fight reached the peak in the last days of 1990.

Presumably those were salient features of the external economic activities of Vietnam in 1990.

Decision To Collect Toll Fee at Bridges Issued

BK1301114191 Hanoi Domestic Service in Vietnamese 0500 GMT 13 Jan 91

[Text] On 11 January 1991, the chairman of the Council of Ministers issued a decision on collecting bridge toll fees.

According to this decision, the Ministry of Communication, Transportation, Post, and Telegraph is to collect fees at the bridges of Trung Vuong, Thang Long, Ben Thuy, and other large, recently built bridges. The fees will be used for maintenance, cleaning, and repairs. The money left will be invested in constructing new bridges to replace ferry boats.

The Ministry of Communication, Transportation, Post, and Telegraph is responsible for cooperating with the Ministry of Finance and the local people's committees to set up the fees. Five percent of the fees collected will go to the committees.

The Ministry of Communication, Transportation, Post, and Telegraph is to cooperate with the Ministry of Interior and the Ministry of National Defense to organize the fee collecting, to ensure safety and convenience, and not to obstruct the traffic.

This decision is effective from the signed date, 11 January 1991.

Council of Ministers Issues New Fishing Rules

BK0401082691 Hanoi VNA in English 0721 GMT 4 Jan 91

[Text] Hanoi VNA January 4—The Council of Ministers on December 22, 1990 issued a new protocol on regulating fishing operations by foreigners and foreign vessels in Vietnamese waters, to replace the old protocol of January 19, 1980.

The new protocol, comprising 27 articles, is aimed at creating favourable conditions for fishing cooperation between Vietnam and foreign countries and preserving Vietnam's maritime resources in conformity with Vietnamese and international laws.

It says specifically that foreigners and foreign vessels are only allowed to conduct fishing operations in Vietnamese waters after obtaining licences issued by the Vietnamese Ministry of Aquatic Products. As regard violations, it stipulates that the serious cases are actionable under the country's penal code, and the lesser cases can be treated with punishments ranging from warning to fine and compensation.

Australia

Hawke Urges Israel Not To Retaliate Strike

BK1801093691 Melbourne Overseas Service in English 0800 GMT 18 Jan 91

[Text] Australia's prime minister, Mr Bob Hawke, has urged Israel not to retaliate against Iraq. Mr Hawke, speaking in Canberra, deplored and condemned the Iraqi missile attack on Israel.

He said that while it was, in a sense, presumptuous for him to tell a nation which has just been attacked without provocation how it should respond, he felt it was in Israel's immediate and long- term interests not to take it on itself to retaliate.

Government Condemns Attack

BK1801070391 Melbourne Overseas Service in English 0500 GMT 18 Jan 91

[Text] The Australian Government has deplored and condemned Iraq's missile attack on Israel. The prime minister, Mr. Hawke, says the attack was entirely unprovoked and confirmed that Iraq is not interested in limiting and shortening the war. He says he is particularly concerned that the attack was directed at civilian targets of no strategic significance.

The prime minister has called on the Iraqi leader President Saddam Husayn to avoid catastrophe for his country by ceasing attacks on Israel and withdrawing from Kuwait. Australian authorities say they have responded to an unspecified series of terrorist threats including military installations.

In a separate move, staff of the Iraqi Embassy in Canberra have been instructed not to travel more than 50 kilometers from the capital.

Iraqi Diplomats Issued Travel Restrictions

OW1801075291 Tokyo KYODO in English 0219 GMT 18 Jan 91

[Text] Sydney, Jan. 18 KYODO - Iraqi diplomats in Canberra have been instructed to remain within 50 kilometres of the city center and provide 48 hours notice if they wish to travel beyond this limit.

The restrictions on the seven diplomats based in the city came into effect at 11:00 A.M. on January 17, as the Gulf war began.

A spokesman for the Department of Foreign Affairs said the Iraqi Embassy had accepted the restrictions without complaint.

Papua New Guinea

Resumption of Flights to Buka Island Authorized

BK1801080891 Melbourne Overseas Service in English 0500 GMT 18 Jan 91

[Text] The Papua New Guinea Government has authorized the country's [words indistinct] airline (Telair) to resume flights to Buka Island. The director of the national coordination center in Port Moresby, Mr. (Ian Glandrell), says (Telair) will begin a twice weekly service on 31 January. He said flights have been scheduled for Thursdays and Saturdays. Passengers wishing to travel to Buka just off the northern tip of Bougainville, will need to give 48 hours notice before an authorization pass can be issued at the center's office in Rabaul. A Port Moresby (?official) says the (Telair) flight will originate from Rabaul.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Soviet Union, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.

lines must be strengthened. There is no end to spending on the technological revolution.

Another peculiarity of current capital spending is investment linkage. For example, existing sheet steel is unsatisfactory for producing luxury automobiles and 0.6 millimeter, fuzed zinc-plated sheet steel is now the norm. It is becoming steadily more common for engines to be made of aluminum and for brakes to be ABS (anti-lock braking system). As a result, in order to adapt their product lines parts suppliers are forced to order new machinery and to introduce robots. Thus, the capital spending chain differs from the earlier steel age.

In the steel age, for example, in building large-scale steel mills, they went up-stream building power plants, ports and tankers. Now they go laterally and even downstream. Therefore, capital spending is not without coordination. In the past, if an industry excelled it took the lead. The iron and steel industry grew tremendously, but there was grumbling that "our industry has seen its heyday." Today, one hears no such complaints coming out of any industry.

Labor Shortage Changes Domestic Infrastructure

Automated Manufacturing

912A0056A Tokyo ECONOMISUTO in Japanese 6 Nov 90 pp 86-89—FOR OFFICIAL USE ONLY

[Text] Due to the fact that working people are more than ever choosing their place of work based on such conditions as its stability, working conditions, and how well known the company is, it is inevitable that the labor shortage is hitting small and medium-sized firms harder than major firms.

There is a labor shortage in many large firms, and they are the ones which receive the bulk of public attention and have a strong system of advertising. However, the smaller and medium-sized firms are the ones who will be forced to tacitly undertake more fundamental reform since they are faced with an even more severe labor shortage.

Japan's producers, which possess the greatest market competitiveness in the world, are supported by the huge number of small and medium-sized businesses, and any transformation that those firms undergo will go hand-in-hand with a change in a fundamental part of Japan's economy.

Furthermore, the labor shortage is promoting a shift in the location of factories to areas where manpower is more readily available. Small and medium- sized firms are pulling out of Tokyo, which is where most small and medium- sized firms have been located, and are moving to Hokkaido and Kyushu, which are booming with incoming factories. Japan's economy is in the process of changing in a more profound way than just the shift from "heavy, thick, long, big" to "light, thin, short, small."

Subcontracting Firms' Seal of Good Health

The extent of gravity of the labor shortage at production sites has recently taken another step for the worse with the auto industry's continuation to expand domestic demand. The primary parts makers and secondary subcontractors, hurried by a system of increased production by makers of completed cars, have been forced to increase overtime and holiday work and are being completely shunned by the young, who dislike work involving the three K's (kitsui [difficult], kitanai [dirty], kiken [dangerous]), making the acquisition of new graduates into the work force increasingly difficult. This trend has led some second and third auto parts subcontractors in Tokyo's Jonan district to close their factories in the city and construct apartment buildings where the factories once stood, which shows that the situation is forcing some firms to consider other types of business.

On the other hand, there has been an emergence of "seal of good health" subcontractors who are trying to attract young people. In order to cope with moves by parent makers toward diversification and higher added value in production these firms are promoting a pronounced move toward automation of production, thinking that at this rate, they will only decline even further unless swift action is taken. This trend was especially apparent in the Nagano and Kanto region where there are literally rows of auto parts factories and the number of positions vacant were twice the number of applicants to fill them. "N" industries, located in the Chiisagata area of Nagano Prefecture is a primary parts manufacturer that supplies brake systems mainly to Honda. Lately, it has had to start up a system of increased production of ABS (anti-lock brake system) in the wake of the movement toward making higher grade automobiles. After a 1989 NHK special, consumer awareness concerning automobile safety suddenly rose, and demand for the ABS system has skyrocketed. The market has gone from 17 billion yen in 1987 to 27 billion in 1988, and 57 billion in 1989, nearly doubling each time. And this growth will continue at a yearly rate of more than 30 percent for the next four to five years (source: the Nikko Research Center's TOSHI GEPPO [INVESTMENT MONTHLY], August 1990 edition, page 60).

Accompanying "N" Industries' move toward increased production of the ABS is the problem that the subcontractors responsible for supplying parts for the system are almost unable to cope with the demand for increased production. For that reason, two influential makers of the piston used in ABS systems began construction over last year and into this year of a new plant specializing in production of ABS parts.

Single Part Flow Production Method

One company, which we will refer to as "Y" Industries (90 employees), has a new factory equipped with several lines for cutting and filing brake pistons that are completely automated, using "single part flow production." When I toured this factory, I found myself doubting my own eyes, wondering if it was possible for such a factory to be located in an area ideal for hot spring resorts.

"Y" Industries employs the single part flow production method in which the raw material is machined at each step in the process, so that in the end it emerges as a completely finished product. This almost eliminates any need to store unfinished products during any stage of the process and makes changing production to a different type of product easier. This is a completely different concept from the type of automation system that we have seen thus far.

To elucidate this point further, let us introduce another case of a factory located in the same area in Nagano that has adopted a new production line in manufacturing engine pistons, "A" Metals Industries. "A" Metals Industries is parts maker that supplies engine pistons to almost all of Japan's auto makers. Toyota in particular uses these pistons in half of the cars it produces. "A" Industries presently is surpassing even the German company Mahle and boasts the world's top production quantity.

The secret of its success lies in its adoption of the Toyota production method of cutting and filing pistons called the U-type line. The distinguishing feature of this U-type production is in the fact that machines are lined up in a letter "u" configuration separate from the machining process and the operator walks around the circumference inserting and taking out the materials to be machined.

The amount of production time to complete one piston takes just under one minute, and the only thing necessary to store during the process are only the tools involved. Moreover, since the machines are functionally quite simple, there are few breakdowns and the time required for change of production is short, averaging less than one hour, making this a truly flexible manufacturing system.

In stark contrast to this is Mahle Co., which uses production based upon European and American concepts cutting and filing pistons using the cumbersome and complex NC [numerical control] lathe. By using the NC machine, production change time can be shortened, but cutting and filing each piston becomes slow so that it is utterly unable to cope with mass production.

At one time, "A" Metals Industries developed a robot for conveying materials automatically within the factory in order to facilitate mass production of pistons and, bit by bit, made efforts toward developing a large-scale line. However, due to the start of mass production of pistons and diversified engines, they are seen to be shifting emphasis once again to the U-line accompanied by smaller lot size and progress in the contraction of production cycles. More than anything is the fact that the automatic robot conveyer line takes as long as two weeks to complete one production change, so it is totally lacking in flexibility.

The U-line does have its shortcomings, however. Because the operator who works on this line must rush around to complete the processing of a product within the space of one minute, it is necessary for him to have a good deal of dexterity, not to mention the fact that during each seven-hour workday every day, he will have to walk more than eight kilometers. Anyone would get fed up with this sort of strenuous work, especially today's young people.

To make up for the shortage of operators to work on this U-line, "A" Metals Industries utilized an employment agency and tried using people wanting to make high wages in a short period of time, but in the face of the recent extreme labor shortage, it was forced to resort to even more drastic countermeasures.

Taking the U-line one step further in sophistication, "A" Metals devised a line in which the materials to be processed would flow down the line automatically, thus eliminating the necessity of having an operator walk around the line. When the product arrives from the previous processing stage, it is automatically grabbed by a handling device and chucked into the machine for the next stage of processing. Thus, a totally automated line was developed in which the material to be processed is sent down, machined at each stage until the final stage where it emerges as a finished product. This is the same sort of automated single part flow production as "Y" Industries employs.

Progress in Individual Company Development

For the past several years, the author has investigated auto parts factories all over the United States and Europe. Among them were some fully automated lines, but they were all large-scale, sprawling facilities that were the product of the type of concept of mass production that requires a long time for production changes and keeping massive intermediate inventories. This is no longer compatible with the present need for high variety and low volume production and its chance of future survival is dim. Moreover, it is a system prone to breaking down during use and has a low rate of operation.

In this sense, the U-type line which has become universal in Japan's auto industry with machines linked by an operator walking between them is a difficult concept for Europeans and Americans to get used to because it relies so heavily on humans.

However, the recent labor shortage made the jump between the U-line and the completely automated line possible. The emergence of this one part flow production method has clearly underlined the difference in what Japanese firms have sought in terms of automation and what the American and European firms have aimed for.

Most of all, it is significant that the one part flow production automated line was not developed by big firms but by medium and small local subcontracting firms and parts makers according to their own needs

77

(however, we are told that "Y" Industries developed theirs jointly with medium and small engineering firms in Okatani City).

It was impressive that the president of "Y" Industries said, "We were hurting from a more severe labor shortage than our parent company. So it was necessary for us to develop the automated line before they did. We intend to get our young workers to devote themselves to less physically taxing labor than had been the case in working on the U-type line."

In this way, with the unfolding of the shift from the U-line to the fully automated line, the machine tool industry has quickly caught these needs and was able to develop a new machine system. According to the most recent newspaper reports, Fanuc was the first in the world to develop a system that used a CNC (computer aided number control) device that consisted of a lathe assisted by an industrial use robot in one self-contained unit (NIKKEI SANGYO SHIMBUN 20 September 1990). This industrial robot was able to carry out tasks formerly performed by human hands positioning the work in the CNC lathe and then removing it after the machining was complete. The program of the CNC device contained in the machine may also be used to control the robot simultaneously, possibly eliminating the need for a CNC device solely for the robot's use which would make for significant cost reduction and simplification of operation. We may assume that, most probably, medium and small manufacturers that until now were unable to install automated lines because of the high cost and the technical difficulties involved will now, due to the emergence of this type of industrial robot, be enabled to achieve complete automation much the same as "Y" Industries. As a result, even though there is much clamoring between Japan, on one hand, and America and Europe, on the other, for a closing of the gap in production capacity to minimize trade friction, in reality it is likely that the gap between them will only continue to widen.

Temporary Workers Have Decreased Sharply

The labor shortage is not only affecting the auto industry, it is having various repercussions on medium and small electronics subcontracting firms as well. Nagano Prefecture's Ina region is famed for its concentration of small electronics parts subcontracting firms, and the labor shortage and strong yen have greatly altered the route along which those firms had been proceeding.

In the decade of the 1980's among the Ina area's electronic parts industry, the most active sector has been the micromotor used in the home video tape recorder (VTR).

Since three or four of these motors of either the cylinder, capstan or reel type are used in each machine, the sudden growth in the VTR industry has supported the prosperity of a group of subcontracting firms under the umbrella of "S" Precision Instruments, which are the local manufacturers of micromotors.

For example, "O" Inc. (35 employees), a subcontractor which assembles a small printed circuit board which controls the rotation speed of the micromotors, quickly increased the number of temporary workers who had been inserting resistors, condensers and IC's [integrated circuit] on the printed circuit board. The number of such temporary workers peaked at over 300, and the factory was busily occupied with the work of trying to inspect and correct any flaws in the large quantities of boards that the temporary workers had assembled.

However, due to the economic slump caused by the strong yen, beginning in about 1987 the work of assembling the print board which had been done by hand began to change to being done automatically by a mounting machine. As a result, the number of temporary workers decreased by half in 1989 to 150 and then to 30 in 1990.

Another subcontracting firm of "S" Precision Instruments, "D" Inc. was relying on temporary workers to assemble brush holders which are used in micromotors in audio equipment. The number of temporary workers peaked at 350, but in 1988, "S" completely switched its source of supply of audio micromotors to a factory located in Southeast Asia, eliminating "D" 's work and the number of temporary employees fell to nearly zero.

The situation in both of these cases was clearly brought about by rationalization policies of the parent company, but behind these trends is the extreme labor shortage in the Ina area which does not allow for making use of large numbers of temporary workers.

The administrators and partners of "O" Inc. were quick to read the future implications of these trends and began moving to completely automate production of electronic circuits and it has been making an investment in advance of the parent company for development of a fully automated production line centered around the automatic mounting machine (priced at 20 million yen apiece).

It is our feeling that setting up this sort of automatic mounting machine is the kind of thing that a major of household electronic appliances might do, and it is outside of the realm of common sense for a subcontractor to undertake such a project. However, in the end, "O" Inc. did succeed in setting up its automated line and started another company (55 employees) that makes electronic circuits by means of an automated line. As mentioned previously, "O" Inc. experienced a rapid decrease in its outside work, and it is trying to make up for the decline in orders from its parent company by taking orders from another maker, and because its other company's new factory is experiencing brisk growth, its timing in changing enterprises was extremely good.

Further, upon visiting "O" Inc. one is surprised by the fact that its automated mount line includes several processes and jigs that it developed on its own. The process in which the print board's position is determined after four boards are inserted into the mount machine is said to be a developmental process unique to the rest of the world. Yet it is a sad thing for the subcontracting firms that the processing know-how which they developed is freely utilized by the parent company. It may be due to that reason that currently this separate company is proceeding with a break up with the parent company.

In the same region, "N" Inc. is a maker of commutators for micromotors. Formerly 100 percent dependent on its parent company "S" Precision Instruments, it developed the know-how in replacing the cutting and filing of commutators with a one time press-type process. It now has dealings with many micromotor manufacturers nationwide and is gradually beginning to evolve from a subcontractor to a specialized parts manufacturer. It seems that "O" Inc. is about to follow the exact same pattern as "N."

From the above-mentioned cases, one can see that we entered an unprecedentedly difficult age with the strong yen and labor shortages, and medium and small subcontractors were pressed into a hard situation by cost reductions from the parent companies and wage hikes and personnel problems within their own firms. But many firms used these pressures as a trigger to strengthen themselves.

There are several subsidiaries of "S" Precision Instruments that are assembly factories for VTR micromotors. Previously, these factories manufactured products completely following techniques laid out by the parent company employing farmers' wives. However, presently they are proceeding to build up manufacturing know-how by having specialized technicians in house, making revisions of the line jig, and developing simple automation devices in order to assemble high quality VTR micromotors.

Changing Subcontractor Relations

Based on these types of new developments, a change is also occurring in the system of the division of labor between the parent manufacturer and the subcontractor. Whereas previously VTR micromotors were completely under the domain of the parent company, in the modern age of frequent model changes and shortening developmental periods, the parent manufacturer become totally occupied with product development and processing development and the extent of its reliance on the subsidiary and the subcontractor for actual assembly and manufacture of products has become greater.

It is supposed that over 80 percent of "S" Precision Instruments' micromotor production is left up to outside orders including the subsidiaries and the manufacturing process carried out by the parent company is limited to special products and development products. With the onset of the tendency toward large variety and small volume production, this movement is in the process of becoming a general trend in our country's manufacturing industry.

Industrialization of Hokkaido

912A0056B Tokyo EKONOMISUTO in Japanese 6 Nov 90 pp 90-91—FOR OFFICIAL USE ONLY

[Text] **Why Hokkaido?**

On 20 July 1990, Toyota formally announced its plan to construct a plant that would employ 700 people, with a total investment figure of 100 billion yen, in Tomakomai City in Tomakomai's western industrial base in Hokkaido.

This announcement boasting the nations largest sales in the manufacturing industry of 8 trillion had a huge impact on Hokkaido. It is expected that Toyota's action will have wide-ranging repercussions and Hokkaido's Department of Trade and Industry calculates that approximately 10,000 jobs will be created and that Toyota's investment of 100 billion yen will give rise to about 110 billion yen in production and 55 billion in added value. Moreover, according to the same calculations, assuming that around 25 billion yen in production is generated by the new plant's full operation, the production amount generated will total 43 billion and create 2,500 jobs. In addition, other related industries are making moves to advance into Hokkaido to accompany Toyota. Two related industries from Aichi Prefecture, Meiwa Industries and Shinmei Industries, have announced plans to put plants in Hokkaido and it is thought that more Toyota affiliated firms will continue to follow suit.

The economic ramifications of Toyota and its related firm's move into Hokkaido are great, including activation of Hokkaido's economy and expectations that industry will increase on the whole.

In recent years, the number of large firms such as Toyota moving into Hokkaido has been rapidly increasing. According to a MITI [Ministry of International Trade and Industry] survey of trends in factory site location, the number of firms locating in Hokkaido saw a 73 percent increase in 1988 over the preceding year and then continued to increase until 1990 when it increased by 46 percent over the same period of the previous year, totaling 41 instances. In 1985 there had been only 17 instances, so there has been quite a change.

What has been the dominant factor in Hokkaido's attraction of industry?

First of all there is Hokkaido's abundant labor force. Even in Hokkaido a labor shortage exists mainly in the construction industry, and employment levels are continuing to rise. However, in 1989 while the rest of the nation's employment rate averaged 1.31, Hokkaido's employment rate was 0.65, only about half the standard level. This is quite a difference when compared to all the

19

prefectures in the northern Kanto area, which are at a level of about 2.0. Relatively speaking, then, there is an abundant work force.

Actually, according to the MITI survey, the top consideration in choosing a site is the availability of labor, which is the reason 40 percent of firms locating in Hokkaido gave as most important.

The second factor is the availability of expansive and low priced land. For example, if one examines approximately 70 of Hokkaido's industrial land units, heading the list is the Tomakomai eastern industrial base which has the largest lot area in the nation, and the total amounts to about 18,800 hectares, with each unit averaging 270 hectares, far surpassing the national average. Moreover, the price if sold in lots ranges from 300 to 3,000 yen per square meter, while the most fashionable industrial land in the city of Sapporo would cost around 30,000 yen (per square meter).

The third factor is the special treatment given to firms by Hokkaido and its cities, towns and villages. The main types of preferential treatment are exemption from tax on fixed assets, a loan system, and financial assistance or rewards for hiring local labor in addition to instances where factories or land may be supplied free of charge. And there are not a few companies that locate in Hokkaido with an eye toward taking advantage of these measures.

Other miscellaneous factors include such things as the proximity of large consumer areas such as Sapporo and an accessible natural environment.

Making the Most of Industrial Influx

The reason why Hokkaido and its cities, towns and villages are so anxious to attract firms is the idea that this is the way to promote industry and to prevent the migration of its population to other areas. There is little doubt that the influx of firms will serve to promote industry, encourage employment, and improve the finances of the local government through increased revenue collection.

However, it would be premature to think that the influx of industry would be an immediate shot in the arm to activate regional areas. There remain the various issues that accompany the influx of firms.

The first issue that would arise is the worsening of the labor shortage situation. As mentioned before, Hokkaido's supply and demand in terms of labor is not as tight as other regions, but it is estimated that worsening of the labor shortage could occur depending on such factors as the area and the type of occupation. In Tomakomai where Toyota will locate, and areas such as the Ishikari district where firms are concentrating, laborers are moving to take advantage of employment with companies offering relatively high wages and good conditions, and the existing companies may be plunged into severe personnel difficulties. Moreover, due to the influx of major soft trade companies, shortages in people to do specialized types of occupations such as SE (systems engineers) may occur.

Furthermore, there are fears concerning the fact that even though a major firm like Toyota was gracious enough to locate in Hokkaido, will the area machine and metals manufacturers be able to meet Toyota's stringent transaction terms in the area of cost, quality, and delivery requirements?

Hokkaido's share of the nation's manufactures shipping amounts to a mere 1.9 percent, and its accumulation of assembly processing is low. Even the above-mentioned Hokkaido Department of Trade and Industry report calculations on Toyota's economic influence show that in the first wave of effects, three of four will flow outside Hokkaido. Thus there is an urgent need to improve the level of technical capacity, quality control, and delivery control to be able to accommodate the needs of companies such as Isuzu, which has already located a plant in Hokkaido, and Toyota.

To get on the right track in accommodating firms locating in Hokkaido, local government, existing firms, and entering firms need to cooperate in an effort to solve these issues.

The role of Hokkaido's and other regions' local government is to create a framework for attracting industry consisting of improvement of infrastructures, organization of inspection associations for industrial sites, enterprise information and information on personnel, as well as all types of special treatment. However, henceforth it is vital that a more clear concept be built. A good pattern to go by might be the "Sapporo Technopark" which is succeeding in embarking on the concept of a base for research and development.

For the existing firms to be able to successfully compete, it is essential to improve marketing ability and technical capacity, and other things. To that end, it will be necessary to promote factory and office automation, improvement in information gathering capacity, the transmission of high-level technology, and technical development, all of which are fostered by cooperation between other firms, public research agencies, etc.

Moreover, what is desired from the incoming firms is wide-ranging hiring and using capable personnel within Hokkaido while maintaining a policy of consideration for the employment systems and technical supply of extant firms so that both may be able to coexist prosperously. If, through this cooperation between firms and local government, the process of having firms locate in Hokkaido gets on the right track, it will improve the level of industry centering around the manufacturing industry by activating the Hokkaido economy.

New Auto Production Base

912A0056C Tokyo EKONOMISUTO in Japanese 6 Nov 90 pp 92-93—FOR OFFICIAL USE ONLY

[Text] Kyushu made progress in catching up with the rest of the nation from the end of the period of high level economic growth until the first half of 1975 with the introduction of large numbers of machine industries in the shipbuilding, IC, and automobile (Nissan, Honda) sectors. Subsequent to that, however, the number decreased relatively, leading to a trend of a widening of the gap between our economy and the rest of the nation. Frankly speaking, people in Kyushu felt impatient at the boom in IC, electronics, and machinery firms locating in the northeast, which we regard as our rival.

Be that as it may, there has been a recent surge in the influx of factories into Kyushu that has satisfied us somewhat. In a narrow sense, this recent trend is based on two main factors.

According to MITI's "Survey on Factory Location Trends," the number of factory locations nationwide has increased suddenly in 1988 (38.3 percent increase over the previous year), and 1989 (17.2 percent increase over the previous year) while Kyushu's increase was 33.9 in 1988 and a 28.4 percent increase in 1989 over the previous year, which surpassed the nationwide level. In 1989 in particular, there were 533 instances of factories locating here, the highest since the oil shock, which was a significant reason for us to be satisfied.

Kyushu's becoming host to many companies looking to change location is reflected in the recent labor shortage, and many companies gave the ability to secure a labor force as one of the criteria for choosing a location.

Processing assembly type production consisting mainly of electronic and mechanical instruments and metal products has increased remarkably, and areas near the airport or the highway interchange, etc., made inland areas the ideal choice for factory location.

Yet one characteristic of 1989 is the sudden increase of factories locating within the prefecture (and consequently within Kyushu) and the concentration around Fukuoka Prefecture. This is probably due to the continuation of expansion of domestic demand, and there has been an increase in the number of local firms located in the area of northern Kyushu that are investing in new facilities for their factories.

The ratio of firms locating here from outside Kyushu has decreased, but the number, 115, was still at a relatively high level.

Another significant development is that Toyota agreed in July 1990 to locate its new Kyushu automobile plant (with yearly production between 200,000 to 250,000 cars and 3,000 employees) in Miyadacho in Fukuoka. Previous to that, in April of 1989, Kyushu's Nissan Motor Co., Ltd. began construction of a second plant that will produce 240,000 cars annually and is presently in the process of increasing the scale of its automobile output from 350,000 to 600,000. Similarly, in November Mazda in Hofu City in Yamaguchi Prefecture announced that it will begin construction of a second Hofu plant with yearly production of 160,000 cars.

This means that all together, the region from northern Kyushu to Yamaguchi Prefecture will expand into a production base responsible for twice its present production, or a yearly production of 1.2 million four-wheel vehicles.

Moreover, Honda's Technological Research Industries which has its production base of two-wheeled vehicles in Kumamoto, began production of engines for light four-wheel vehicles in 1988 and since January of 1989 has been producing light four-wheel vehicle transmissions. In June, construction of a factory that will produce automatic transmissions for four-wheel vehicles began and the same factory's output of four-wheel vehicle related products will reach 20 percent of the total.

Dissolution of the North-South Gap

Accompanying the above sorts of plans for new expansion of complete automobile factories, one announcement after another of location or plans for location of automobile industry related companies in Kyushu have been made.

After commencement of construction to expand Nissan's Kyushu Plant, the number of auto related industries planning to locate in Kyushu announced in the paper, etc., totaled, by July 1990, 32 factories in Kyushu, and 19 in Yamaguchi, or a total of 51 factories. As for the number of people to be employed, there will be 9,200 in Kyushu, and 3,000 in Yamaguchi, totaling 12,200.

It is also expected that the new factories locating in Kyushu will help to offset the imbalance between northern and southern Kyushu, including such areas as Nagasaki, which is hurting from a depression in the shipbuilding industry, and help to strengthen economic dispersion. Other factories locating in Kyushu include Miyazaki Prefecture (11 factories), Oita Prefecture (6), Kagoshima Prefecture (6), and Nagasaki Prefecture (4).

* Mitsubishi Bank Begins Organizational Reform

912A0069A Tokyo KINYU ZAISEI JIJYO in Japanese 22 Oct 90 pp 38-39—FOR OFFICIAL USE ONLY

[Text] As stipulated in the eighth long-term management plan which started in FY90, Mitsubishi Bank which aims to offer the best integrated financial service will undertake an overall organizational reform on 5 November. The main purpose of the new organization is to strengthen domestic operations. The new organization has the important role of backing up the new long-term plan from an organizational aspect. One objective of the

81

new organization is for the bank to abolish the division system so that more maneuverable operations become feasible.

Flat Type Organization by Abolishing Division System

For the first time in the four years since October 1986, the Mitsubishi Bank will make a major organizational reform on 5 November. The purpose of the reform is to vigorously pursue the eighth long-term plan which started in FY90 and to flexibly respond to risk and cost increases associated with the interest liberalization. More concretely, the bank will try to: 1) strengthen domestic operations; 2) strengthen new merchandise development and marketing; 3) better organize audit and control systems.

The most important characteristic of the new organization is that the bank has abolished a business unit system, (except for the American division). The Bank established the marketing division, the operation division, the international division, and the administrative division in 1981. Subsequently, it established the securities division and the information division in 1986, and the business promotion division in 1988 and American division in 1989, making a total of eight divisions.

The reason why it has abolished the business unit system is, according to the planning department, that circumstances surrounding bank management have drastically changed and the flat type organization will better suit the current situation. Thus far, the marketing division has handled transactions with major companies, and the operation division handled other transactions. Users of sophisticated financial merchandise have expanded into medium and small size companies. When the bank developed new merchandise also, responses requiring interdivisional actions have become necessary.

In the business unit system, each division tends to act independently and according to the planning department, there were cases in which this system deterred progress of interdivisional projects and merchandise development. By abolishing the business unit system, the bank tries to achieve faster and more maneuverable business operations, according to the planning department.

Nonetheless, the reason why the business unit system is being abolished is not because it has ceased to function well. It has the merit that each business unit can accumulate know-how, and the organizational responsibility is more clear-cut if organization is consolidated into smaller units. The reason why the bank is abolishing it is because the bank has put an emphasis on maneuverability.

In the business unit system, each division functioned as a profit center (PC) except for the office management division which is not suitable for the profit center concept. Each profit center was given a target. After abolishment of the system, the target will be given to each department. The reasons why the American division remains as is are: first it is new, and second it is entrusted with every aspect of business such as planning business development, marketing, etc., according to the planning department. This fact indicates that the bank, having accomplished a listing at the New York Stock Exchange in 1989, considers the role of the American division very important.

Consolidation of Domestic Planning Function

Concretely speaking about the organization, four departments have been newly created. The most important purpose of these departments is to strengthen domestic operations. First the operation management department is the one under which control sections of each of the following three departments of the old system have been consolidated: the operation planning department (in charge of management of savings and loans for domestic commercial banking), the branch control department (in charge of control of domestic branches), and the market planning department (in charge of overall management of marketing division). The department, as a result of being consolidated into one, will be in charge of overall planning and control of domestic commercial banking.

In the operation management department, newly created are the branch planning bureau and the customer service bureau. The branch planning bureau is the one which has become an independent bureau from the branch planning group which belonged to the old branch control department. In promoting a retail strategy, a branch network is becoming increasingly important. The bureau is expected to play an important role in planning new branches, etc. The customer service bureau is the one which has become an independent bureau from the customer consulting service section in the old individual customer department.

Next, the business promotion department supports businesses which cannot be handled by branches alone. More concretely, functions of FA (Financial Adviser) handled by the old individual finance bureau, and those of EB (electronic banking) handled by the old business planning department will be incorporated into the department. To perform these functions, the EB promotion bureau will be established. The bureau is expected to respond positively to individual financial consultation and corporate rationalization requirements, and to strengthen sales activities of branches. Besides, advice functions for an effective utilization of real estate handled by the old business development department of the information development division will be added to the bureau.

The business development department will be in charge of merchandise development and market analysis. The department will handle the merchandise development and promotion geared to each customer market. The emphasis will be placed on the medium to long-range merchandise development.

82

The fourth new department is the international business department. It will aim to strengthen the foreign exchange of domestic branches. There were questions sometimes as to which department was in charge of controlling this function. More concretely, the department will be the sole department which will handle planning, promotion, and administration of domestic foreign exchange businesses. Also, it will support customers when they expand their business abroad, and when they inquire about trade investments, etc.

Strengthening of Audit and Control System

The loan department will unify and execute audit functions which were divided by the corporate department and the individual department. The reason is that transactions by an individual entrepreneur, etc., have sometimes corporate-like characteristics, and if those functions are unified, it can take advantage of know-how held by both departments. The department will also give guidance on the management of giving credits, such as a decision for authorization limitation by a branch manager, and on loan businesses.

Concerning loan businesses, by shifting the functions of development and promotion performed by the corporate department and the corporate operation department to the business development department, the weight of audit function of the new loan department will become greater than before. It will mean a strengthened audit and controlling system.

There are other changes in fund securities functions. The capital market department and the market operation department will be consolidated into the new market operation department. This will allow one window to handle primary (issuing market) transactions as well as secondary (negotiable market) transactions. The bond fund department handling yen fund procurement, etc., and the securities investment department handling operation of portfolio, etc., will be consolidated into the fund securities department.

As above, the reorganization of the bank to be effective from November will be the largest one in its history and it aims to strengthen domestic operations. This is the year when Mr. Wakai assumed the post as president. And it falls in the important year when the new long-term plan is launched. The results merit watching.